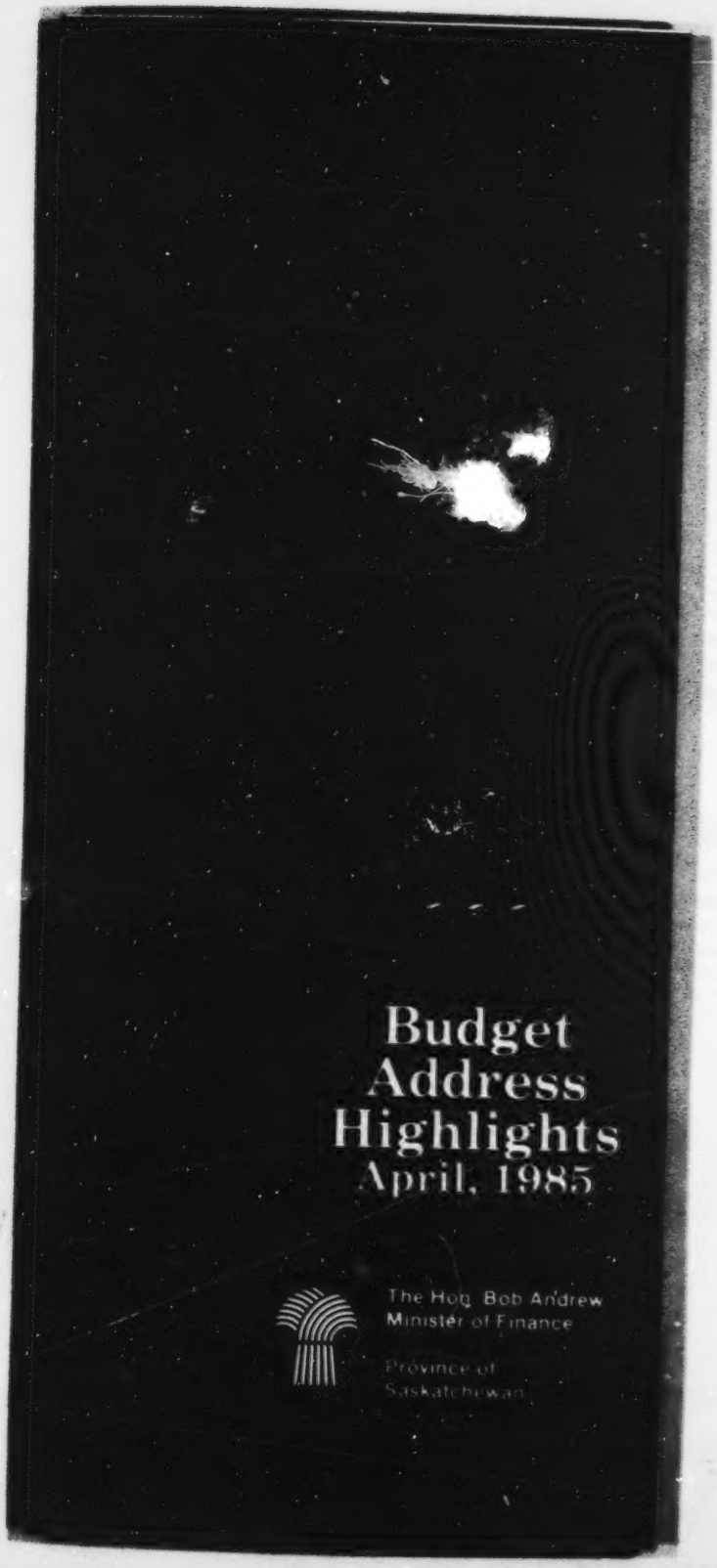

Budget
Address
Highlights
April, 1985
The Hon. Bob Andrew
Minister of Finance
Province of
Saskatchewan

Honourable Bob Andrew
Minister of Finance

"If you ask people what they really want of government, they reply they want their children to be provided with the education needed in tomorrow's world. They want the government to lay the groundwork for meaningful, productive employment. They want the family farm protected and strengthened. And they want their health care system to be first class. These are the things that ***really*** *matter to people.*

This budget proposes ***five years*** *of major funding commitments for education, employment, agriculture and health care.*

We intend to take these proposals to the organizations involved and ask for their participation. This is the first time in Saskatchewan that this has been done.

To pay for these initiatives, this budget makes some financially, and politically, tough decisions. But ***we must*** *move ahead* ***now,*** *with confidence, conviction and strength.*

Saskatchewan people would not have it any other way."

Budget Address, April 10, 1985

Budget Priorities

This budget is designed to dramatically increase funding over the next five years to four cornerstones that our province rests on:

- Education
- Employment
- Agriculture
- Health Care

Education

- A five-year, $400 million Education Endowment Fund is being established.
- Over the next five years, $275 million in new funds will be added to the education budget to improve the quality of the primary and secondary school system. This amounts to $1,400 for every child in school. The money will be used for:
  - — enrichments to existing programs;
  - — new classroom computers;
  - — new programs for gifted students;
  - — new library facilities;
  - — programs to reduce student drop-out rates; and
  - — incentives for more efficient school operations.
- Also over the next five years, $125 million in new funds will be added to the budget for the universities. This amounts to over $6,000 for every student at university. This money will be used for:
  - — restoration of buildings;
  - — construction of new facilities; and
  - — purchase of new equipment.
- In 1985-86, grants to schools and universities will increase by 10%.

Employment Development

- Over the next five years, a three-part strategy will be followed:
  - — First, a major emphasis will be placed on education and skill training. The Education Endowment Fund is being set up to address this.
  - — Second, to help young people find that all-important first job, employment opportunities will be created through incentives to employers and through government capital projects.
  - — Third, to ensure a stable base of permanent employment, the government will continue to promote longer-term economic development.
- To address the second and third components of this strategy, a five year, $600 million

Employment Development Fund is being established.

- In 1985-86, the Fund will provide:
  - — $50 million for employment incentive programs, a 50% increase in funds to support 15,000 jobs; and
  - — $70 million for longer-term initiatives, including a new 9 and 5/8 percent interest rate program for small business.
- In addition to the new Employment Development Fund, the on-going $1.2billion capital program of the government and Crown corporations will support 9,000 full time jobs.

Agriculture

A two-part strategy is proposed:

1) **Short-Term Financing Assistance**
   - First, Agriculture Credit Corporation clients who obtained loans between April, 1980 and December, 1983, will have their loan rate reduced from 14 percent to 12 percent. As a result, 1,000 farmers will receive a total of almost $4 million in interest relief;
   - Second, the Farm Purchase Program will be extended for an additional year. Interest rate subsidies will be provided on an additional $200 million in loans to 1,800 farmers. This will extend total program coverage to 5,800 farmers and $640 million in loans; and
   - Third, we will offer an extensive new program of loan guarantees to get the crop in. The program will offer guarantees on loans up to $200,000 and at least 1,500 farmers will benefit.
2) **Longer-Term Productivity Enhancement**
   - To remain competitive, we must undertake a major program of research and innovation.
   - A five-year, $200 million Agriculture Development Fund is being established to focus the efforts of government and industry on productivity improvements.

In total, the funding increase to agriculture-related programs is 9.5% in 1985-86.

Health Care

- A five-year, $300 million Health Capital Fund is being established.
- The Fund will permit a major program of hospital and nursing home renovations to proceed at unprecedented levels over the next five years.

Partnership For Progress

- In total, the government is committing $1.5 billion to these four priority areas over the next five years.
- The government proposes to pursue all of these new initiatives in partnership with the groups and individuals involved in these areas.
- Consultations will be held throughout 1985 to work out the programs and priorities jointly.

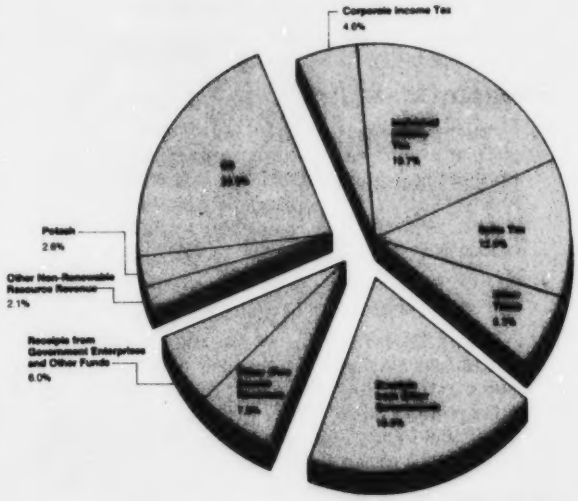
Revenue Measures

- Reform of the income tax system to make it simpler and more fair must be a priority. This budget takes the first step with the introduction of a 1% flat tax on Net Income. Also effective July 1, 1985, the low-income tax reduction will increase $100 to $260.
- At the same time, the provincial income tax rate will drop 1% to 50% of basic federal tax.
- A Senior Citizens Property Tax Credit will be introduced beginning in the 1985 taxation year. The maximum tax credit will be $750 for homeowners and $375 for renters. The new tax credit will be income-related and administered through the income tax system.

Management Plan

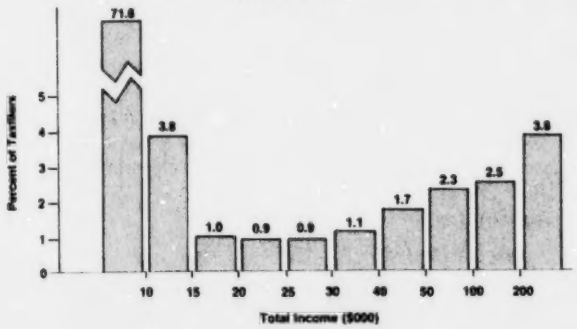
- To finance the $1.5 billion, five-year **Partnership for Progress,** the following measures have been adopted:
  - — The 1% flat tax will raise $350 million over the next five years;
  - — Funds previously allocated to the property tax rebates will supply $400 million needed to improve the quality of our schools and universities between now and 1990;
  - — We will be calling on Crown corporations to contribute at least $200 million over the next 5 years;
  - — Another source of funding for these initiatives will be from programs already in place. Approximately $400 million have been identified over the next five years; and
  - — Finally, responsible expenditure management within government will free up at least $150 million.
- 1985-86 expenditures will increase 5.7% over last year's Budget, but 29 out of 39 agencies will receive no increases.
- Compared to last year's revised expenditure level, the increase will be 4.1%, and the deficit will decline by over $100 million.
- Capital expenditures, and grants for capital purposes, will rise 12% to $350 million.

Combined Budgetary Revenue

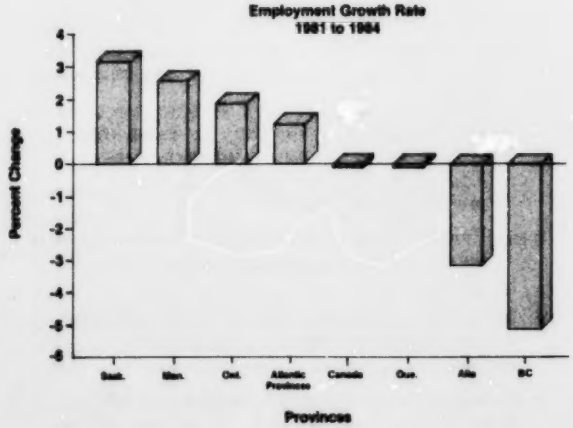


Percent of Taxfilers Paying No Federal Tax

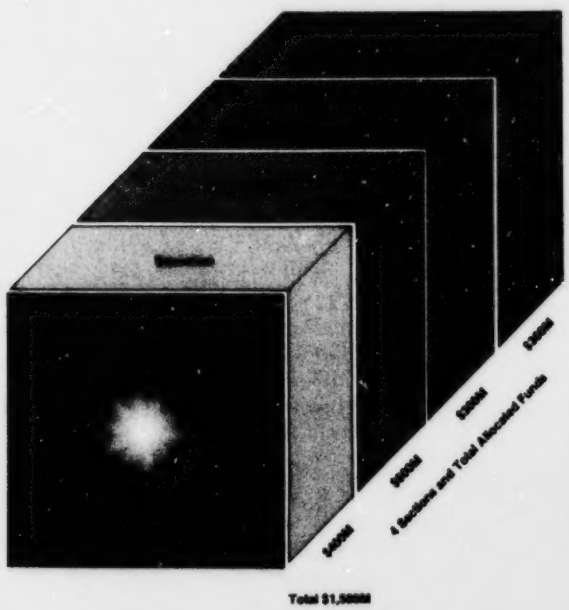
(Canada, 1981)



Employment Growth Rate
1981 to 1984



5 Year Partnership For Progress



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Budget Address
April 10, 1985

Honourable Bob Andrew
Minister of Finance

Mr. Speaker:

I rise this evening to present the fourth budget of this administration.

Two years ago, in preparation for the 1983 Budget, we started the practice of consulting widely with individuals and groups representing the different interests and sectors in our province. Last year we expanded this practice to reach a wider cross-section of the population and this year we took a further step by introducing the "Budget Challenge" computer exercise. This enabled us to receive input from hundreds of people who would not otherwise have been reached. I wish to record my thanks to everyone who provided us with input to this year's budget.

It is heartening to see that other governments across Canada are now adopting the process of more extensive consultation with the public. Closer involvement of the community in government decision making can only improve the quality of our society.

Mr. Speaker, the budget I will present this evening sets out a comprehensive and far-reaching plan to dramatically increase funding to four cornerstones that our province rests on — Education, Employment, Agriculture and Health Care.

Before describing this plan, let me set the context. In the three years since this government took office, there have been some major changes in the world we live in.

At the time of our first budget, in November, 1982, Canada was in the midst of the recession. We concentrated our efforts on reining in the runaway spending plans of the previous administration, and streamlining the government bureaucracy. We also introduced a highly successful reform of oil royalties which restored the vitality of that essential industry.

Our second budget, presented in March, 1983, focused on employment creation and skill training. We introduced a nine-point employment program, and committed ourselves to a 60 per cent increase in technical institute spaces.

Our third budget, introduced a year ago, brought in a major package of long-term economic development initiatives. This package included:

- Livestock and Venture Capital Tax Credits;
- Sask Power Savings Bonds and Sask Oil Participation Bonds;

- Elimination of the provincial corporate income tax levied on small manufacturing and processing firms;
- A new Industrial Incentives Program which has helped create 1,600 new jobs and $55 million in new investment; and
- A welfare reform program to stress training and community service instead of long-term dependence.

Assisted by these measures, employment continued to grow last year. For the third year in a row we had the lowest unemployment rate in the country. And our major cities outperformed all other western Canadian cities in new job creation.

Investment spending again grew at a higher rate than the national average last year, indicating that our economic development initiatives are paying off.

We experienced another record year in the oil industry as the incentives we provided have more than repaid themselves in terms of increased activity, employment and revenue for the provincial treasury. The new energy agreement with the federal government will enhance the already vigorous activity in Saskatchewan's oil industry. I congratulate my colleague, the Minister of Energy and Mines, for his part in negotiating this important redirection of Canada's energy policy.

Despite these encouraging trends, however, we still have some difficulties to overcome. Last year's drought weakened the financial position of many of our farmers, and grain and beef prices remain low. We have yet to see a return to the buoyant market conditions of a few years ago in our other major commodities — oil, potash and uranium. High interest rates continue to be a severe burden on all sectors of the economy.

And we were informed by the federal government that 1984-85 income tax revenues owing to the province were over-estimated by $130 million.

The combined impact of these factors has been to increase the province's deficit in the year just ended.

Despite the province's strong prospects for recovery based on our fundamental economic strengths, the provincial treasury will continue to suffer a short-term financial squeeze in the coming year.

At the same time, we must confront the changes and challenges coming at us. Technological change is gathering speed; this will demand more from our education systems. The world economy is becoming increasingly competitive; this will require that our farmers and businesses be equipped to meet this increasing competition. Our labour force will continue to grow at historically high rates; this will require increased employment creation efforts. Our population is aging; this will put significant pressures on our health care system.

How are we to meet these challenges with the limited financial resources available? Surely, this is one of the key issues of the decade ahead.

One option would be to wait for the world prices of wheat, oil, potash and uranium to start rising before we act. But what about the high school students getting ready to graduate? Can we ask them to wait? What about the young unemployed people who need jobs? Or the farmers who need loans to put in the spring crop? Or the patients in need of hospital care?

And there is another factor to consider. Canada is a trading nation, and while we wait, our competitors will not. With the rate of technological change accelerating, those who fall behind are likely to stay behind.

In short, even if we wished, we do not have the option of delaying. We **must** move ahead **now**, with confidence, conviction and strength.

How then should we proceed? Well, we could follow the model applied by the previous administration of trying to be all things to all

people. We could call everything a top priority, make sure there's a cheque in the mail to anyone who asks, and settle for a policy of equalized inadequacy. By this process, the previous government managed to increase annual spending six-fold from one-half billion dollars when they took office, to almost $3 billion by the time they left office.

Such an approach is not only expensive, it doesn't even work.

When we came to office, the provincial government was spending less per student on elementary and secondary education than almost anywhere else in the country. Our hospitals had been allowed to deteriorate because adequate funds for their renovation had not been provided. Our universities had fallen into a state of disrepair. Our agriculture programs were just not up to the demands placed upon them.

No, it is clear that to repeat the past is no way to deal with the future.

If you ask people what they **really** want of the government, what do they reply? They want their children to be provided with the education and skills needed in tomorrow's world. They want the government to lay the groundwork for meaningful, productive employment. They want the family farm protected and strengthened. And, they want their health care system to be first class. These are the things that really matter to people.

The question for government is: how are we to afford this? Well, if we are really serious about it, we are going to have to adopt the same approach that people themselves use when they are planning a major purchase.

First, they cut down on other spending to make sure they have enough money to afford it. Second, after saving hard for that purchase, they make sure they get value for their money.

This is precisely what government must do, and that is what this budget does. First, we have established education, employment creation, agriculture and health care as the four immediate priorities that people want us to deal with. The budget contains a major increase in funding to these areas. To help pay for this, the budgets of virtually all other departments are being held either at or below last year's levels.

Second, to ensure that we get value for money, we are proposing to develop these programs jointly with the individuals and organizations directly involved. By working together with these groups, we believe there is a much better chance of finding real solutions that will get the job done.

However, given the complexity and scope of the task we are setting ourselves, it is clear that we cannot achieve lasting solutions in just one year. Real improvements will take longer than this.

Consequently, a longer-term plan is required. I am tabling with this Budget a document entitled **Partnership for Progress**. It proposes not one year, but **five years** of major new funding commitments for education, employment creation, agriculture and health care.

Here, in short, is what it contains.

In the elementary and secondary school system, significant additional resources will be allocated to improve the quality of education provided to our children. In the university system, new funds will be allocated over five years to carry out a major renovation of both campuses and restore the universities to a firm financial footing. Our goal is to enable both universities to achieve a new standard of excellence in teaching and research.

In employment creation, which is the most important priority for any government, we will be setting up an Employment Development Fund to actively pursue employment creation over the next five years.

In the agriculture sector, there is both a short-term and a long-term need. The short-term need is for greater financial security, now and in the immediate future. In the longer term, we

need a major program of research and productivity enhancement if we are to remain competitive. We will set up an Agriculture Development Fund to address these needs.

Finally, in the field of health care, we propose to carry out a major program of renovation and reconstruction of our hospitals and nursing homes. This program will set in motion five years of unprecedented construction activity in the health field, and will achieve a much needed renewal of our health facilities.

I said this budget is designed to respond to what people really want of government. But if you go out and talk to the public, there is one other change that they want to see. They want to be part of the decision-making process itself. They are no longer content to see the fundamental issues that affect their lives and futures decided without some greater personal involvement.

As politicians, we are partly responsible for this discontent with the process of government. Too often we have extinguished public interest in matters of vital public concern by our overly formal and ritualized legislative process. Too often we have confused and frustrated the public by engaging in a process that seems designed to produce endless dissent rather than compromise, futile disagreement rather than resolve. We will see an example of this approach this evening when the Leader of the Opposition will feel obliged, in playing his role, to stand up and criticize everything I say. Perhaps this is inevitable within the present working of the parliamentary system. But is it truly in the best interests of the people?

I propose this evening to take a new approach. The document I have tabled — **Partnership for Progress** — lays out a five-year agenda of major innovations and reforms. We intend to take these proposals to the people involved and ask for their participation. We will ask **them** to help draw up the plans.

But an agenda without a budget has no force. It is our intention to give the individuals and organizations involved some real responsibility. This requires that we make a financial commitment to this process. And this commitment must be sufficient to achieve the ambitious objectives we have set for ourselves.

Accordingly, I propose to match this call for joint action with a five-year funding commitment. This is the first time in Saskatchewan that this has been done.

Over the next five years, we will commit $1.5 billion for this new program of innovation and development. This is equivalent to one-half of the province's entire budget for a full year.

To make possible the plan I am proposing, a number of financial measures must be adopted.

First, as suggested, we will free up resources by holding the line on budgets elsewhere. This involves the continued search for internal economy measures within government. We cannot ask the public at large to make sacrifices unless their government is willing to do the same.

Second, we must ask for contributions from individuals and organizations involved in the targeted sectors. This may be either in the form of direct financial support or it may be in the form of a commitment to increased productivity and efficiency.

Third, we will ask those taxpayers who can afford to do so to make a contribution. No government likes to do this, but people around the province have said to me that they are willing to contribute so long as they know where their money is going and that they will see results when it is spent. We will be combining this with a first step in reforming our tax system to make it more fair and understandable to the average taxpayer.

I will provide more details of these measures presently. Let me turn now to the first of these priorities, education.

Education

It now seems probable that the remaining 15 years of this century will witness the largest explosion of new technology since the industrial revolution. New generations of computers are succeeding one another so rapidly that the process has become virtually self-sustaining. New applications are found daily in everything from crop research to medical care.

And other forces are simultaneously at work that will have a significant effect on our lives. There are major changes underway in international trading relationships that will make the world much more competitive for exporting nations like Canada. The demographic pressures of aging will strain our major social institutions to the utmost. Persistent high unemployment remains a serious problem for most western societies to deal with.

While all of our social and economic institutions will be required to adapt to these changing conditions, nowhere will the pressure be greater, or the stakes higher, than in our educational institutions. For it is the responsibility of our schools, our technical institutes and our universities to prepare our young people for the changing world in which they will live, work and prosper.

Other countries have recognized this fact. Sweden has responded by increasing the number of hours their children attend school to well beyond the Canadian average. Japan has emphasized science and mathematics training. The United States has made substantial investments in classroom computers.

We in Saskatchewan must find our own unique solution, as we have so often before. But, however we choose to proceed, one thing is very clear. We cannot be left behind in the race for the future.

Fortunately, we begin with some advantages. We have a school system that has great potential, with dedicated teachers and administrators. We have a major expansion of the technical institutes already underway, begun immediately after this government took office. And we have two universities willing and ready to meet the challenge.

And there is one other consideration. In this period of fiscal restraint, other jurisdictions are cutting back their funding to education in an attempt to economize. We believe this is a mistake.

So now is the time to act. What is required is a major commitment to a new start in education.

I am pleased to say that we will begin that new start this evening. I am announcing tonight a five-year commitment by our government to spend $275 million in new funds on our primary and secondary school system. This amounts to about $1,400 for every child in school. And this is over and above the annual funds already committed to this area.

And I am also announcing this evening that we will spend a further $125 million over the next five years in new funds to restore our two universities to world class condition. This is well over $6,000 for every student in university.

In total, this commitment to a new start in education will contribute $400 million over the next five years on top of whatever incremental funding is provided for the existing program base.

To provide this money, we will set up a new Education Endowment Fund, the first of four new Funds I will announce this evening. The Fund will have two components -- one for the school system, and one for the universities. Each will contribute a certain amount to enrich ongoing programs, with the remainder being used for new projects.

As a result of this commitment, the effective increase in grants to schools will be $35 million or almost 10 per cent in 1985-86. The increase to universities will be $15 million, also 10 per cent.

I stress that this must be a co-operative enterprise. We will be asking educators, school and university boards and parents to work with government in making improvements in the operation of our schools and universities.

It is essential that the funds being provided will result in better quality education for our young people. We will be discussing with the schools and universities some procedures to ensure greater accountability to parents and the general public. We will be asking for initiatives to improve the efficiency of operations. And we will be asking for the co-operation of teachers and professors to hold the line on salary increases so that the students themselves get the maximum benefit from this funding commitment.

Further details of this proposal are contained in **Partnership for Progress.** The Ministers of Education and Advanced Education and Manpower will be consulting with parents, educators and trustees throughout the following weeks and months about how best to achieve these objectives.

Employment Creation

Providing a first class education for our young people is a vital first step in ensuring their future happiness and prosperity. But it is only the first step. For too long the people of Saskatchewan have raised and educated their children, only to see them leave the province to seek employment elsewhere.

We have begun to reverse this. Over the three years from 1981 to 1984, we had the highest employment growth rate of any province outside the Maritimes.

During this period, we have accumulated useful experience with a range of different types of employment creation programs. Based on that experience, we propose to build a long-term employment development strategy consisting of three basic components:

- First, for young people on the threshold of employment, we will put a major emphasis on improving their education and skill training;
- Second, to help young people entering the workforce find that all-important first job, we will provide incentives to employers, and also directly create employment opportunities; and
- Third, to ensure a stable base of secure, permanent employment, we will continue to promote long-term economic development.

The first of these components — education and skill training — I have already discussed.

To pursue the second and third components of this strategy with the force and commitment they require, I am announcing tonight the creation of a five-year Employment Development Fund. In financial terms, this will be the largest of the four Funds announced tonight. Over the next five years, we will commit $600 million.

In 1985-86, we will allocate $120 million as follows.

- $50 million will be earmarked for employment incentive programs. This is a 50 per cent increase, and will create over 15,000 jobs. I would note that the federal government is participating for the first time in our highly successful Opportunities '85 Program. As a result, we are opening it to high school students over 16 years of age.

  This also includes $20 million for programs designed specifically to assist social welfare recipients re-enter the work force. This is part of the welfare reform strategy begun last year.

- $70 million for longer-term economic development initiatives. This includes funding for a major new initiative designed to improve stability and confidence in the small business sector.

  It gives me great pleasure to announce the fulfillment of a major election commitment. During the campaign of 1982, we said that

we would assist small businesses with the problem of high interest rates. In the next few days my colleague, the Minister of Tourism and Small Business, will announce the details of a program to write down interest rates on loans to small businesses to as low as 9 and 5/8 per cent. We anticipate that as much as $400 million in loan capital will be covered, at a cost of $20 million over the life of the program.

In total, the 9 and 5/8 program is expected to assist in generating over one-half billion dollars in direct economic activity in 1985-86. Businesses applying for these write-downs will have to meet employment targets designed to ensure that the government's overall objective of job creation is accomplished.

I should make it clear that the initiatives included in the new Fund are over and above the government's on-going capital program in a number of other agencies and Crown corporations. This on-going capital program will exceed $1.2 billion in 1985-86 and is expected to support 9,000 full-time jobs.

Job Security

While this budget is designed to stimulate employment outside the government sector, we recognize our responsibilities as a major employer. The necessity for overall restraint in government spending remains, but there is a need to provide job security for permanent public service employees.

We will make every effort to see that any permanent employee whose job is eliminated will be offered alternate employment within government. We expect that all will be offered employment elsewhere in government. A program of staff training and development will be used to assist in this process.

This government recognizes the value and dedication of its public servants.

Agriculture

As everyone in Saskatchewan knows, agriculture is, and will always remain, the backbone of our economy. More than that, the family farm is the foundation of our rural society that makes Saskatchewan unique.

Because the agriculture industry is divided into some 65,000 separate farming operations, there is sometimes a tendency to lose sight of what is necessary to make the industry as a whole viable. Yet, like any other business, there are two general sets of considerations — short-term requirements and long-term requirements.

In the short-term, individual farm operations must have sufficient cash on hand or credit at the bank to carry on operations. In the longer term, they must be able to produce their output at a price that is competitive in the market place and yet profitable in terms of their own operating costs.

Over the last two years, the main emphasis of government policy has been focused on the short-term requirements. This has been necessitated by the combined effect of the credit squeeze caused by high interest rates, and the impact of last year's drought. Thus our government has:

- Introduced the Farm Purchase Program, which has provided preferred interest rates on loans amounting to $440 million to 4,000 new and expanding farm operations;
- Enacted Farm Land Security legislation which ensures that farmers threatened with foreclosure due to the cost-price squeeze receive a fair review of their financial affairs;
- Made beneficial changes to the terms of Agriculture Credit Corporation loans for livestock and irrigation operations;
- Introduced a Livestock Investment Tax Credit and loan guarantees for Feeder Associations to assist our livestock industry; and
- Introduced a program of financial counselling and loan guarantees for farmers in financial difficulties.

These policies will be continued into 1985. The main, and most immediate, consideration must be to get in the spring crop. Moisture conditions look favourable over most of the province, and we must ensure that no farmer who wants to put in a crop is prevented by a short-term cash squeeze. Thus I am pleased to announce the following three initiatives:

- First, Agriculture Credit Corporation clients who obtained loans between April, 1980 and December, 1983, will have their loan rate reduced from 14 per cent to 12 per cent. As a result, 1,000 farmers will receive a total of almost $4 million in interest relief;

- Second, the Farm Purchase Program will be extended for an additional year. Interest rate subsidies will be provided on an additional $200 million in loans to 1,800 farmers. This will extend total program coverage to 5,800 farmers and $640 million in loans; and

- Third, as my colleague, the Minister of Agriculture, recently announced, we will offer an extensive new program of loan guarantees. The program will offer guarantees on loans up to $200,000 and we expect that at least 1,500 farmers will benefit.

However, while these measures are necessary in the short term, we must also focus our attention on the longer term. Over the last few years, we have seen both rising input costs and weak prices for farm commodities. While the rapid spiral of cost increases has moderated somewhat, the downward pressure on commodity prices may continue. While there are a number of reasons for this, potentially the most significant is the rapid improvement in productivity among our competitors.

As new technology spreads, we face competitors now armed with many of the techniques and innovations that we ourselves initiated. And this process can only continue to gather force in the future.

Consequently, if we are to remain competitive, we have no choice but to undertake a major program of research, innovation, and productivity improvement. Clearly this will cost money, but it will also require mutual co-operation among producers, farm groups, research sectors and government.

To finance this new approach, I am pleased to announce that we will set up a five-year Agriculture Development Fund. The province will contribute $150 million to this fund; additional support of at least $30 million has already been committed by the federal government, and we will also ask producers to make a contribution. In total, this fund will make available $200 million over the next five years for agricultural research, development and demonstration projects.

I emphasize that the projects we are interested in must be of practical value to farmers. One such example could be the conversion of gasoline and diesel engines to compressed natural gas. This could result in savings of 50 per cent. Farmers' hands-on experience will be necessary to make these types of projects work.

In total, this government will spend $131 million on agricultural programs in 1985-86. This represents a 9.5 per cent increase over last year and a 54 per cent increase since we took office.

Our commitment to agriculture is clear! In partnership with our farmers, farm businesses and farm researchers, we intend to build a stronger farm economy in Saskatchewan.

The **Partnership** document provides a wider discussion of our agenda for agriculture.

Health

Canadians enjoy the best health care system in the world. Saskatchewan can be proud that this province was the driving force behind that system. And I don't mind giving some of the credit to Tommy Douglas, who began this tradition.

Yet Canadians today are beginning to be concerned that the health care system is under

pressure. They are worried that the measures necessary to maintain the system are not being taken in a timely manner.

Some of this pressure is due to factors beyond our control, such as the aging of our population or the cost of introducing new technology. But there is also evidence that governments across the country have been neglecting to keep up and maintain their basic health care institutions — hospitals and nursing homes. And this has happened despite the commitment of large amounts of new funds to health care programs.

The previous administration in Saskatchewan was no exception to this dangerous trend.

The average useful life of a hospital building in Saskatchewan is about 60 years. But, at the rate they were being renovated or replaced by the previous government, the average hospital would have had to last 125 years!

Special-care home construction also suffered serious neglect. Between 1977 and 1982, only 142 new beds were added, despite the fact that the need for new facilities continued to grow. This was a particularly serious omission given the rapid aging of our population.

Yet another example which became apparent was the deterioration of our cancer program. The Cancer Foundation's ability to recruit specialists and keep up with advances in medical treatment was hampered by inadequate staffing levels and outdated equipment and facilities.

Over the past three years, we have taken a number of important steps to remedy these situations.

Major hospital projects are currently underway at Nipawin, Lloydminster, Melfort and Yorkton. New construction will be completed at the Pasqua Hospital in Regina this spring. A children's rehabilitation centre was completed in Saskatoon, and construction of the new Wascana Rehabilitation Centre in Regina is scheduled to start later this year.

Last year, we announced a major five-year program to build 1,000 new special-care home beds and renovate a further 500. At the same time, we have introduced a number of adult day care programs and have expanded home care services to assist the elderly in living at home.

Cancer services have also been improved through a five-year initiative which is providing for the construction of a new cancer facility in Saskatoon and $5 million for the purchase of new, sophisticated equipment.

However, given the deficiencies of the past and the needs of the future, it is clear that a comprehensive solution is necessary.

This new approach must embody three basic principles:

- An immediate priority must be placed on the most pressing need — renewal of aging facilities, particularly our major hospitals;
- Direct co-operation and participation by both health care consumers and providers must be sought in developing the new direction; and
- A substantial commitment by government for long-term funding is needed to support the necessary new initiatives and changes to health care services.

I am pleased to announce tonight the first step in this important process — the introduction of a Health Capital Fund which will provide $300 million over the next five years for the construction and renovation of health facilities. This commitment will enable a number of major new construction projects to proceed and will represent an unprecedented level of health care construction in the province over the next five years. This construction program will have a number of beneficial effects including alleviating the waiting list problem. Our 1985-86 contribution to the Fund will be $36.9 million.

Over the next several months, my colleague, the Minister of Health, will be working with

those involved in the health care field to begin developing longer-term plans and strategies to address emerging issues. Consultation, co-operation and joint enterprise will be the foundations of our approach.

Social Services

At the same time as we move ahead in these areas of immediate priority, we will not neglect other basic social programs.

I announced last year a major increase in the Saskatchewan Income Plan for senior citizens. When combined with the recent increase in the federal OAS and GIS, the minimum income for single senior citizens has increased by 19 per cent over the last year.

I am pleased to announce this evening that to further protect the standard of living of seniors in rural areas, we will put a cap on the cost of lengthy ambulance trips. This could save seniors in outlying districts up to $150 per trip.

This government also has a particular concern about the problems faced by single-parent families who have difficulty in collecting maintenance support. Later this year, we will implement an automated enforcement program for maintenance orders to address this concern. It is estimated that this program will benefit at least 3,000 single-parent families in the province.

Furthermore, the range of programs for the handicapped will again be expanded by the addition of 336 new residential and day activity spaces in communities across the province. Rehabilitation services in southern Saskatchewan will also be improved through the introduction of two new mobile assessment teams.

Major increases were introduced during 1984-85 in benefits under the Family Income Plan. In addition, our level of support for families through the welfare system continues to be among the highest in Canada. Expenditures will rise by $30 million over 1984-85 levels for the three major income security programs.

Finally, the Minister of Social Services recently announced a new approach to deal with 12-17 year olds who come into conflict with the law, consistent with the new federal legislation for young offenders. In 1985-86, the province will spend over $8 million — more than $4 million of which will be for development of secure custody facilities in Regina, Saskatoon and North Battleford.

Local Government

In the municipal sector, we are currently in our second year of a major consultative process with local authorities in Saskatchewan. In the first year of its activities, the Local Government Finance Commission has toured the province, consulting with urban and rural municipal governments, school, hospital and library boards, and the general public, gathering input on potential improvements in provincial/local financial relations.

As we head into the final year of the Commission's mandate, I am pleased to report that considerable progress has been made in clarifying many complex issues. It is from just such a base of increased understanding and awareness that final recommendations acceptable to all parties, can be reached.

One clear recommendation that the Commission presented in its preliminary report reflected the views of many in Saskatchewan. The Commission suggested that the property tax rebate programs be replaced by tax credits related to income.

I will return to this in a moment.

In addition, the Commission recommended that the province provide new funds for municipal capital projects.

I am pleased to announce that this budget contains $17.3 million for the first year of a two-year, $34.6 million urban capital projects fund. Provincial dollars will be distributed on an unconditional basis to urban municipalities undertaking local capital projects.

In addition, we have maintained our ongoing assistance in support of municipal governments. Over $117 million will be allocated through Revenue Sharing for urban, rural and northern municipalities.

In 1984, the government established a body to examine one issue of particular concern to us — namely, maintaining the economic vitality of rural areas. The Task Force on Rural Development was set up a year ago to advise the government on the questions of rural economic development and rural autonomy. The Task Force has already made some useful recommendations and we look forward to further reports in the coming year.

All of these initiatives reflect our on-going commitment to strong, autonomous local governments in Saskatchewan.

Crown Corporation Reform

A major lesson of the 1982 election was that the public at large felt that they had lost ownership of their government. This applied most directly to our Crown corporations. From the beginning of our mandate, we have set out to correct this.

One year ago, we announced our government's plan to provide investment vehicles which would enable Saskatchewan citizens to participate directly in their Crown corporations. The Saskatchewan Power Savings Bonds and the Saskatchewan Oil and Gas Corporation Participation Bonds were both resounding successes, and they were just the beginning.

We intend to build on those successes in 1985. Saskatchewan people want, and they will receive, further opportunities to participate in these key enterprises.

Reform of our Crown corporations remains a high priority of the people of this province and of this government.

Fiscal Policy

Early in my Address, I stated that this Budget would propose raising new revenues in the fairest way possible.

Let me turn first to the personal income tax.

Provincial revenues from personal income taxes are collected on our behalf by the federal government through the national taxation system. Compared to the original estimate made by the federal government about one year ago, the income tax base for all provinces, including Saskatchewan, has fallen $3.9 billion. These re-estimates have cost Saskatchewan $130 million.

This dramatic decline in revenues is another piece of evidence that the Canadian income tax system is in need of a major overhaul.

There is a growing perception that the personal income tax is no longer fair. In particular, people with high incomes are able to take advantage of tax avoidance mechanisms, such as tax shelters and deductions from income, which are not readily available to all taxpayers.

For 1984, we estimate that approximately 600 people with incomes of more than $50,000 will pay no Saskatchewan income tax. They will be able to do this because of the opportunities the present income tax system offers to avoid paying taxes.

Most Canadians now find the income tax system too complicated to understand. In part, this has come about because the system has been built up in a piecemeal fashion over many years. Tax changes have been added and deleted in the pursuit of various different objectives, often with unintended results.

As a result, the tax system now exhibits a number of serious flaws:

- The system is widely perceived to be unfair, due to the loopholes created by successive,

overlapping exemptions and concessions which allow some people to escape paying their fair share;

- It is losing its value as a revenue-raising mechanism due to the serious leakage it is sustaining;
- It may well act as a disincentive for Canadians to work, save and invest; and
- People are induced to make unproductive investments in order to reduce their taxes, which wastes the country's investment capital.

The need for tax reform is now recognized by most Canadians. We must have a tax system which:

- Is simple to understand and to comply with;
- Is fair to people in all income groups;
- Provides a stable revenue source for financing necessary public services; and
- Maintains the incentives to work, to save and to invest.

Tonight we will take the first step towards tax reform with the introduction of a Flat Tax levied upon Net Income. It is the first reform of its kind in Canada. Collection of this tax will begin in July at a rate of 1 per cent of Net Income. The effective rate in 1985 will thus be one-half of 1 per cent of Net Income for all taxpayers.

At the same time, we will reduce our provincial personal income tax rate by one per cent. The effective rate in 1985 will be 50.5 per cent; for 1986, our rate will fall to 50.0 per cent. This shift of tax onto Net Income will help ensure that a fairer share of the tax burden rests on those who can afford it.

As an additional step to protect low income taxpayers, this budget increases the Low Income Tax Reduction by $100 to $260. As a result, on a full year basis, people with net incomes of approximately $10,000 or less will not be affected by the Flat Tax. In fact, a married taxpayer with two children and an income of up to $14,000 will pay no provincial income tax at all.

We estimate that, taken together, these measures will increase revenue this year by $39 million, or an average of $56 for each person who files a tax return.

To illustrate the combined impact of these income tax changes for 1985, a married taxpayer with two children will pay an additional $47 this year at $20,000 income; the increase rises to $224 at $50,000 in income.

Because of its simplicity, and because it ensures that everyone pays their share, a flat tax modelled on the tax we have introduced tonight would be a significant improvement to the existing income tax.

A movement to replace the current income tax system would require the following modifications:

- The elimination of questionable tax shelters, such as films, frontier oil drilling funds, apartment buildings and yachts;
- The reduction of the number of allowable deductions from income to a few essential categories; and
- Measures to ensure that an element of progressivity is truly provided in the system.

Of course, such fundamental tax changes would require extensive discussion with other governments and taxpayers generally.

Respecting the Corporation Capital Tax, effective April 1, 1985, the tax rate as applied to banks will increase from 0.8 per cent to 2.0 per cent of taxable paid-up capital in excess of $10 million. This will provide approximately $3.8 million in additional revenues.

Effective midnight tonight, the tax on a package of 25 cigarettes will increase by 10¢ to 77¢ a package. The tax on cut tobacco will also increase by 4¢ to 31¢ per 25 grams, and the tax on cigars will increase as follows: from 20¢ to 25¢ on cigars valued between 21¢ and

40¢; and from 40¢ to 45¢ on cigars valued over 40¢. This increase in tobacco tax is expected to yield $9 million in additional revenue in 1985-86.

I have one change to announce in relation to the provincial sales tax. Effective at midnight tonight, used vehicles will be subject to the Education and Health Tax. Tax on the sale of vehicles will now be levied upon the cash difference between the purchase price and any allowance for a trade-in. This will reduce the amount of tax paid on many new vehicles and will spread the tax paid over the times when a vehicle is bought and sold. This revenue measure will raise approximately $7 million, and makes our law consistent with all other provinces' sales tax statutes.

The final revenue measure deals with pornographic material. These materials are clearly offensive to the taste and moral standards of the great majority of Saskatchewan people. It is the intention of this government to introduce a tax on the distribution and the purchase of these materials.

The government is not in a position to prohibit the distribution of these materials, but it will take steps to make their distribution less profitable, to curb their public display, and to significantly increase the price to those who continue to purchase them.

The government will consult widely during the next several months to determine how best to proceed. The government will appoint an advisory group to determine the nature of the tax, what should be subject to it, and the appropriate administrative processes. I expect that the tax will be in place later this year.

I want to return to the question of property tax rebates.

The suggestion has been made to me frequently that the $100 million spent on the array of property tax rebate schemes could be better spent on education, employment creation, agriculture and health. We share that view. Consequently, I am announcing this evening that the property tax rebate programs, including the home quarter tax rebate, are eliminated and will be redirected into these four areas of priority.

There is one group, however, who have counted on the rebate program to supplement their standard of living — senior citizens with limited income. Therefore, I am pleased to announce that starting with the 1985 tax year, we will introduce a new property tax credit for seniors.

For households in which at least one taxfiler is over 64, residential and farm property taxes up to a maximum of $750, or 10 per cent of rent up to a maximum $375, will be eligible for a refundable tax credit through the income tax system.

This credit will be related to the net income of both spouses in a household. The credit will be reduced by 3 per cent of Net Income over $5,000.

For example, a senior citizen with an income of $15,000, who pays property taxes of $750, will be eligible to receive a refundable income tax credit of $450. This is an increase of about $75 over the benefits previously received under the Property Improvement Grant and School Tax Rebate programs.

This tax credit will provide $20 million to the senior citizens of the province.

Management Plan

Tonight's budget contains a comprehensive, long-term strategy in four key areas: agriculture, education, employment development and health care.

We have committed $1.5 billion for these initiatives over the next five years.

These are **real** commitments, requiring **real** dollars and we want the people of Saskatchewan to know where these funds will come from. Let me begin by saying that we will **not** finance these priorities with a massive increase in the deficit. It is our firm objective to

finance these measures in a manner consistent with our commitment to managing the deficit.

The source of funding for these measures will come from the revenue measures contained in tonight's budget, together with the sound expenditure management policies we will continue to pursue.

Over the next five years, the income tax changes announced tonight will raise about $350 million in revenue. What better way to finance the creation of new jobs than to call on those with jobs and other sources of income to pay a 1 per cent charge?

Removing property tax rebates means that the treasury will have the $400 million needed to improve the quality of our schools and universities between now and 1990. What better way to invest in our children's future? In addition, property tax increases by school boards should be significantly reduced because of this decision.

Crown corporations have received substantial injections of taxpayers' capital over the years. We will be calling on these corporations to return at least $200 million to the treasury before 1990. We require this return so that we can make the necessary investments in agriculture.

Another source of funding for these initiatives will be from programs already in place. Approximately $400 million has been identified over the next five years.

Finally, responsible expenditure management within government will free up at least $150 million. We firmly believe that in order to make our high priority measures affordable, the government must look to itself for savings. What better way to pay for much needed health capital projects? I will outline four areas where this will occur.

- As already noted, most areas of the budget, outside of education, agriculture, jobs and health care, will be held at or below last year's spending levels. In fact, 29 out of 39 agencies will see no increase.

- Wages account for the largest part of government spending. Last year we announced that Members of the Legislature, public service managers and those in comparable positions elsewhere in the public sector would receive no general salary increases. I also indicated that this policy would have a significant influence on our approach at the bargaining table.

  We have followed through on this commitment to reduce across-the-board wage increases.

- The size of the civil service has again been held in check. An Early Retirment program and other measures, such as staff re-assignments and retraining, will permit us to reduce the size of the civil service without staff lay-offs.

- Saving tax dollars by improving operations and eliminating wasteful spending is the responsibility of every public sector employee. We have continued to encourage productivity improvements throughout government departments and Crown corporations.

In short, we believe we are presenting tonight a responsible and forward-looking plan, financed in a fair and affordable manner!

Fiscal 1984-85

Our original budget plan for 1984-85 forecasted a deficit of $267 million.

I have already mentioned the fact that our income tax receipts will be less than they were forecast to be last year. This loss in revenue has been partially offset by increased revenues from the sale of oil lands and through increased sales of heavy oil to the United States. The holiday on oil royalties can be credited directly for this improved performance.

On balance, however, government revenues from all sources will be $2,935 million, approximately 2 per cent below the original estimate.

Government expenditures are forecast to rise about $50 million above the budget estimate. Most of this increase is directly attributable to the adverse impact of the weather. Flood conditions in the north east section of the province resulted in the introduction of a program to offset crop losses costing $7.5 million. Drought conditions throughout much of the rest of the province necessitated a $14.8 million program to assist beef producers, and further efforts to control forest fires in the north cost an additional $6 million. Expenditures were also added for the 1984-85 Winter Works Program.

These factors combined will result in a budgetary deficit of $395 million.

Fiscal 1985-86

Turning to the 1985-86 year, combined revenues are forecast to increase 5.4 per cent to $3,175.4 million in 1985-86.

Combined expenditures will rise 5.7 per cent to $3,466.7 million. When compared with last year's revised spending, this represents a 4.1 per cent increase.

Overall, I am pleased to announce that the deficit has been cut by over $100 million from the 1984-85 revised level, to a total of $291 million.

This deficit should be viewed in light of the fact that capital expenditures and capital-related grants will exceed $350 million this year.

Looking ahead, this government remains committed to achieving a balanced budget. The timing will depend largely on the revenues from the resource sector.

There can be little doubt that the energy agreement concluded last month with the federal government will generate substantial new oil revenues for the province, hastening the day when our deficit will be eliminated.

Capital Financing

The total capital financing requirements of our Crown corporations in 1985-86 will be $678 million. Over $400 million of this will be allocated to finance the capital program of the Saskatchewan Power Corporation. The Canada Pension Plan will provide $90 million of capital, with the remainder coming from various capital markets. It is our intention to once again offer the Saskatchewan people new opportunities to invest in our Crown enterprises.

When combined with the government's budgetary deficit of $291 million, overall capital financing activities will total $969 million. This is $106 million less than the amount forecast last year.

Conclusion

Mr. Speaker, I have presented this evening an ambitious program of innovation and reform. To achieve it, we must fulfill two requirements.

First, we must be willing — all of us — to make a major investment of our tax dollars for at least five years. Nothing less will be enough to bring about the lasting improvements we want to see.

To meet this requirement, we have committed:

- $400 million to improve the quality of our education system;
- $600 million to reinforce our employment development initiatives;
- $200 million to help build a strong future for the farm economy; and
- $300 million to carry out an unprecedented program of renovation and reconstruction of our hospitals and nursing homes.

In total, we will spend one and one-half billion dollars over the next five years to carry out this program.

The second requirement is that a program of real innovation must be worked out jointly with the individuals and groups involved. Government cannot go it alone.

This may sound straightforward. But while it's easy to talk about change, it is much more

difficult to bring it about. The challenge I am issuing this evening is for all those groups and organizations involved to join in a co-operative endeavour to bring about real and lasting improvements in their individual fields.

Thus we will ask our educators to examine what can be done to bring about an improvement in the quality of education provided to our young people.

We will ask the health care profession for ideas to improve the quality and accessibility of health care.

We will ask small businesses who apply for the 9 and 5/8 program to tell us what they can do to maximize employment opportunities.

And we will ask farmers what they can do to make the productivity improvements that are essential to the future of agriculture in Saskatchewan.

Perhaps most important, we are carrying out a process of internal scrutiny and reform ourselves.

This budget makes some financially, and politically, tough decisions.

Our government faced two distinct alternatives. One was to avoid any tax increases, to leave the spending budget untouched, and consequently to have no resources available for the immediate priorities facing our society. The other was to ask for a contribution from the taxpayer, to reallocate funds from lower to higher priorities, and consequently to make major commitments in the areas of education, employment creation, agriculture and health.

In the short term, it probably would have been easier to follow the first alternative: to leave the property tax rebates in place, to make no tax changes, to put off economy measures throughout government.

But what about the longer term? These tough choices are necessary if we are to make a meaningful investment in the future, if we are to make true improvements in education, employment development, agriculture and health care.

Having made this choice, we now invite the people to join in partnership to see that our objectives are achieved.

I have said this budget presents a new and innovative approach to many of the major issues we face as a society. I truly believe it does.

Yet in a sense this is no more and no less than what Saskatchewan is all about. This province wasn't built by people who wanted to avoid risk or hang onto the past.

Saskatchewan was built by men and women who were constantly faced with a challenge and were always willing to take it.

Some years, just putting in the crop was a major risk, yet our farmers always took that risk, and we have prospered because of it.

The decision to build a university here in 1909 was a risk, but we took that one too and we have prospered because of it.

The decision to bring electrical power and telephones to rural Saskatchewan was a risk, but we took that one too and we have prospered because of it.

Now again we face the uncertainties of a changing world and once again we must believe in ourselves and act boldly.

Saskatchewan people would not have it any other way.

1985-86 Budget Summary

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Province of Saskatchewan
Consolidated Fund and Saskatchewan Heritage Fund
Statement of Combined Financing Activities

For the Year Ending March 31

	Estimated 1986	Estimated 1985	Actual 1984
Budgetary Transactions			
Combined Revenue	$ 3,175,434,500	$ 3,011,719,800	$ 2,733,493,128
Combined Expenditure	3,466,692,590	3,278,925,320	3,064,886,945
Excess of Combined Revenue Over Expenditure	$ (291,258,090)	$ (267,205,520)	$ (331,393,817)
Non-Budgetary Transactions			
Combined Receipts	$ 159,735,080	$ 41,315,330	$ 326,534,533
Combined Disbursements	723,034,270	853,410,700	453,918,042
Excess of Combined Receipts Over Disbursements	$ (563,299,190)	$ (812,095,370)	$ (127,383,509)
Transfer to the Special Projects Fund	$ — —	$ — —	$ (30,000,000)
Net Cash (Requirement)	$ (854,557,280)	$ (1,079,300,890)	$ (488,777,326)
Financing			
Public Borrowing:			
Proceeds from Debt	$ 969,306,090	$ 1,075,876,000	$ 825,179,072
Repayment of Debt	118,288,770	9,448,340	125,580,862
Increase in Public Borrowing	$ 851,018,320	$ 1,066,427,660	$ 699,598,210
Decrease (Increase) in Current Assets	$ 3,538,960	$ 12,873,230	$ (210,820,884)
Total Combined Financing	$ 854,557,280	$ 1,079,300,890	$ 488,777,326

Note: To derive the Combined Budgetary Revenue and Expenditure, the Dividend from the Saskatchewan Heritage Fund to the Consolidated Fund is eliminated to avoid double counting. Similarly, financial flows between Funds are eliminated to derive the Combined Non-Budgetary Receipts and Disbursements.

Province of Saskatchewan
Consolidated Fund
Statement of Financing Activities

For the Year Ending March 31

	Estimated 1986	Estimated 1985	Actual 1984
Budgetary Transactions			
Revenue	$ 3,048,650,500	$ 2,912,700,800	$ 2,605,456,743
Expenditure	3,396,230,110	3,211,304,320	2,983,151,254
Excess of Revenue Over Expenditure	$ (347,579,610)	$ (298,603,520)	$ (377,694,511)
Non-Budgetary Transactions			
Receipts	$ 204,356,600	$ 62,256,330	$ 363,607,432
Disbursements	715,434,270	848,160,700	448,623,581
Excess of Receipts Over Disbursements	$ (511,077,670)	$ (785,904,370)	$ (85,016,149)
Transfer to the Special Projects Fund	$ — —	$ — —	$ (30,000,000)
Net Cash (Requirement)	$ (858,657,280)	$ (1,084,507,890)	$ (492,710,660)
Financing			
Public Borrowing:			
Proceeds from Debt	$ 969,306,090	$ 1,075,876,000	$ 825,179,072
Repayment of Debt	118,289,770	9,448,340	125,580,862
Increase in Public Borrowing	$ 851,016,320	$ 1,066,427,660	$ 699,598,210
Decrease (Increase) in Current Assets	$ 7,638,960	$ 18,080,230	$ (206,887,550)
Financing for Consolidated Fund	$ 858,657,280	$ 1,084,507,890	$ 492,710,660

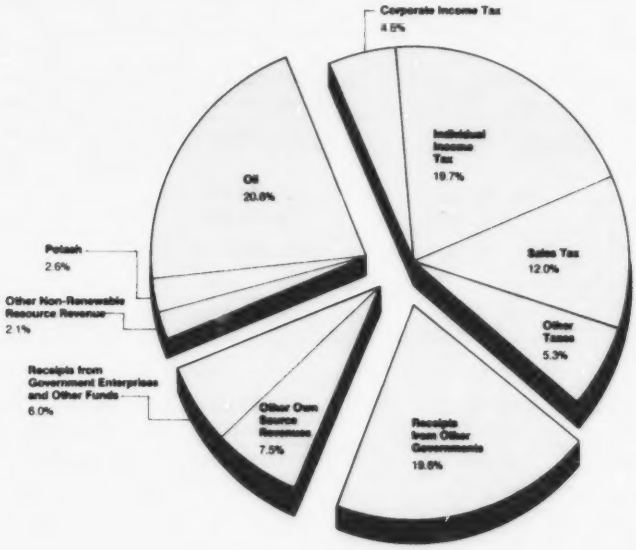
Province of Saskatchewan
Saskatchewan Heritage Fund
Statement of Changes in Financial Position

For the Year Ending March 31

	Estimated 1986	Estimated 1985	Actual 1984
Budgetary Transactions			
Revenue	$ 876,784,000	$ 789,019,000	$ 793,036,385
Expenditure	820,462,480	757,621,000	746,735,691
Excess of Revenue Over Expenditure	$ 56,321,520	$ 31,398,000	$ 46,300,694
Non-Budgetary Transactions			
Receipts	$ 7,400,000	$ 2,500,000	$ 20,371,129
Disbursements	7,600,000	5,250,000	5,294,461
Excess of Receipts Over Disbursements	$ (200,000)	$ (2,750,000)	$ 15,076,668
Increase (Decrease) in Current Assets	$ 56,121,520	$ 28,648,000	$ 61,377,362

Province of Saskatchewan
Consolidated Fund and Saskatchewan Heritage Fund
Estimated Combined Budgetary Revenue

For the Year Ending March 31, 1986

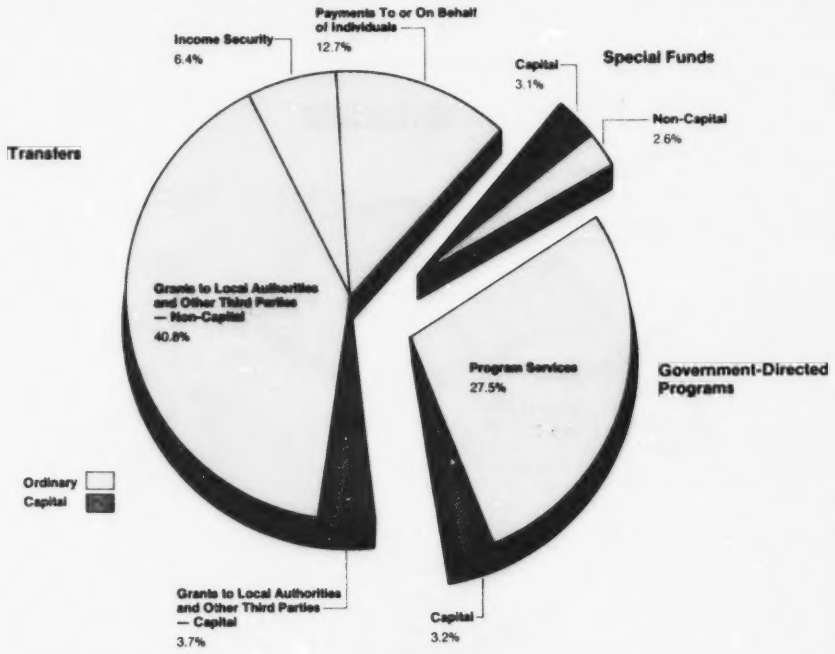


	Amount	Percentage of Total Revenue
Provincial Taxes		
Corporation Income	$ 145,228,000	4.6%
Individual Income	625,854,000	19.7
Sales	382,900,000	12.0
Other Taxes	167,580,600	5.3
Total Provincial Taxes	$ 1,321,562,600	41.6%
Non-Renewable Resource Revenues		
Oil	$ 654,864,000	20.6%
Potash	81,450,000	2.6
Other Revenues	65,200,000	2.1
Total Non-Renewable Resource Revenues	$ 801,514,000	25.3%
Receipts from Government Enterprises and Other Funds*	$ 190,817,800	6.0%
Other Own Source Revenues	$ 238,994,400	7.5%
Receipts from Other Governments		
Established Programs Financing	$ 441,455,000	13.9%
Federal-Provincial Programs	173,635,700	5.5
Other Receipts	7,455,000	0.2
Total Receipts from Other Governments	$ 622,545,700	19.6%
Total Estimated Combined Budgetary Revenue*	$ 3,175,434,500	100.0%

* To derive the Estimated Combined Budgetary Revenue, the Dividend from the Saskatchewan Heritage Fund to the Consolidated Fund is eliminated to avoid double counting.

Province of Saskatchewan
Consolidated Fund and Saskatchewan Heritage Fund
Estimated Combined Budgetary Expenditure

For the Year Ending March 31, 1986

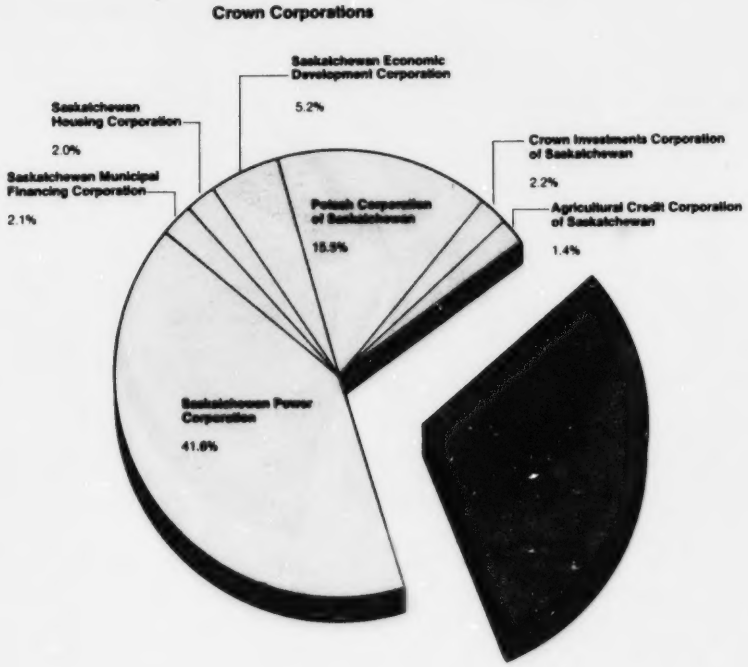


	Amount	Percentage of Total Expenditure
Transfers		
Grants to Local Authorities and Other Third Parties:		
Capital	$ 130,012,620	3.7%
Non-Capital	1,413,033,420	40.8
Income Security	221,439,000	6.4
Payments To or On Behalf of Individuals	440,147,770	12.7
Total Transfers	$ 2,204,632,810	63.6%
Government-Directed Programs		
Capital	$ 111,612,750	3.2%
Program Services	954,066,730	27.5
Total Government-Directed Programs	$ 1,065,679,480	30.7%
Special Funds		
Capital	$ 107,952,000	3.1%
Non-Capital	88,428,300	2.6
Total Special Funds	$ 196,380,300	5.7%
Total Estimated Combined Budgetary Expenditure*	$ 3,466,692,590	100.0%

* To derive the Estimated Combined Budgetary Expenditure, the Dividend from the Saskatchewan Heritage Fund to the Consolidated Fund must be eliminated to avoid double counting.

Province of Saskatchewan
Estimated Application of Gross Borrowing Requirement

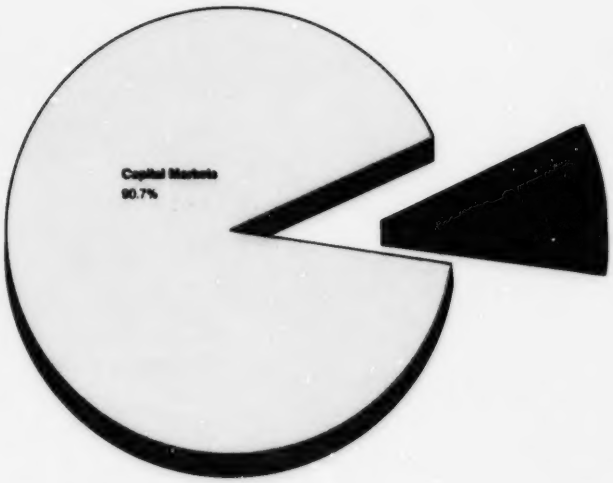
For the Year Ending March 31, 1986



	Amount	Percentage of Gross Borrowing Requirement
Crown Corporations		
Agricultural Credit Corporation of Saskatchewan	$ 14,000,000	1.4%
Crown Investments Corporation of Saskatchewan	21,100,000	2.2
Potash Corporation of Saskatchewan	150,000,000	15.5
Saskatchewan Economic Development Corporation	50,000,000	5.2
Saskatchewan Housing Corporation	19,150,000	2.0
Saskatchewan Municipal Financing Corporation	20,000,000	2.1
Saskatchewan Power Corporation	403,800,000	41.6
Total Crown Corporations	$ 678,050,000	70.0%
Government	$ 291,258,090	30.0%
Total	$ 969,308,090	100.0%

Province of Saskatchewan
Estimated Sources of Gross Borrowing Requirement

For the Year Ending March 31, 1986



		Amount	Percentage of Gross Borrowing Requirement
Canada Pension Plan Investment Fund	$	90,000,000	9.3%
Capital Markets		879,308,090	90.7
Total	$	969,308,090	100.0%

1985-86 Budget Detail

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Province of Saskatchewan
Consolidated Fund and Saskatchewan Heritage Fund
Statement of Combined Financial Position

As at March 31

	Estimated 1986	Estimated 1985	Actual 1984
Assets			
Consolidated Fund			
Current Assets	$ 273,236,131	$ 280,875,091	$ 298,955,321
Advance to the Agricultural Division of the Saskatchewan Heritage Fund	184,436,000	184,436,000	184,436,000
Loans and Advances to Crown Corporations:			
Agricultural Credit Corporation of Saskatchewan	200,843,000	186,843,000	169,843,000
Crown Investments Corporation of Saskatchewan	428,462,800	458,862,800	406,262,800
Potash Corporation of Saskatchewan	593,000,000	443,000,000	255,000,000
Saskatchewan Economic Development Corporation	125,747,200	99,247,200	48,147,200
Saskatchewan Housing Corporation	378,539,000	359,389,000	307,913,000
Saskatchewan Mining Development Corporation	320,462,684	320,462,684	302,662,684
Saskatchewan Municipal Financing Corporation	40,000,000	20,000,000	— —
Saskatchewan Power Corporation	2,558,089,574	2,163,926,074	1,792,162,074
Saskatchewan Telecommunications	693,877,810	701,670,810	671,670,810
Saskatchewan Water Corporation	14,876,000	14,876,000	14,876,000
Saskatchewan Oil and Gas Corporation	— —	25,000,000	25,000,000
Other Assets	67,018,217	65,197,277	56,249,657
Less: Crown Corporation Equity in Sinking Funds	(366,268,195)	(322,523,471)	(285,404,113)
Total Consolidated Fund Assets	$ 5,512,320,221	$ 5,001,262,465	$ 4,247,774,433
Saskatchewan Heritage Fund			
Current Assets	$ 406,435,976	$ 350,314,456	$ 321,666,456
Investments in Crown Corporations:			
Crown Investments Corporation of Saskatchewan	109,975,903	109,975,903	109,975,903
Potash Corporation of Saskatchewan	418,553,715	418,553,715	418,553,715
Saskatchewan Mining Development Corporation	218,700,000	218,700,000	218,700,000
Saskatchewan Oil and Gas Corporation	91,500,000	91,500,000	91,500,000
Investment in Agricultural Land and Related Assets	162,133,908	163,933,908	166,183,908
Loans to Crown Corporations:			
Potash Corporation of Saskatchewan	28,400,000	33,400,000	33,400,000
Saskatchewan Grain Car Corporation	51,333,340	51,333,340	51,333,340
Saskatchewan Power Corporation	2,448,172	2,448,172	2,448,172
Other Loans and Investments	19,552,128	12,552,128	7,552,128
Total Saskatchewan Heritage Fund Assets	$ 1,509,033,142	$ 1,452,711,622	$ 1,421,313,622
Eliminate Inter-Fund Assets:			
Advance to the Agricultural Division	$ (184,436,000)	$ (184,436,000)	$ (184,436,000)
Current Assets of the Saskatchewan Heritage Fund held on Deposit in the Consolidated Fund	(313,120,357)	(261,098,837)	(237,657,837)
Eliminate: Total Inter-Fund Assets*	$ (497,556,357)	$ (445,534,837)	$ (422,093,837)
Total Combined Assets	$ 6,523,797,006	$ 6,008,439,250	$ 5,246,994,218

* Certain assets reported are the result of inter-fund financial transactions. To avoid double counting, these amounts must be eliminated to derive Total Combined Assets.

Province of Saskatchewan
Consolidated Fund and Saskatchewan Heritage Fund
Statement of Combined Financial Position

As at March 31

	Estimated 1986	Estimated 1985	Actual 1984
Liabilities			
Consolidated Fund			
Promissory Notes	$ 480,458,090	$ 434,200,000	$ 297,000,000
Treasury Bills	642,400,000	579,540,000	451,500,000
Debentures	5,902,570,775	5,140,670,545	4,339,482,885
Gross Debt	$ 7,005,428,865	$ 6,154,410,545	$ 5,087,982,885
Less: Total Equity in Sinking Fund	398,599,588	351,215,318	310,676,434
Net Public Debt	$ 6,606,829,277	$ 5,803,195,227	$ 4,777,306,451
Due to Other Crown Entities	430,605,088	378,583,568	355,142,568
Other Liabilities	6,509,413	6,509,413	6,509,413
Total Consolidated Fund Liabilities	$ 7,043,943,778	$ 6,188,288,208	$ 5,138,958,432
Saskatchewan Heritage Fund	$ 184,473,740	$ 184,473,740	$ 184,473,740
Eliminate: Inter-Fund Liabilities*	$ (497,556,357)	$ (445,534,837)	$ (422,093,837)
Total Combined Liabilities*	$ 6,730,861,161	$ 5,927,227,111	$ 4,901,338,335
Province's Equity			
Consolidated Fund	$ (1,531,623,557)	$ (1,187,025,743)	$ (891,183,999)
Saskatchewan Heritage Fund	1,324,559,402	1,268,237,882	1,236,839,882
Total Combined Province's Equity	$ (207,064,155)	$ 81,212,139	$ 345,655,883
Total Combined Liabilities and Province's Equity	$ 6,523,797,006	$ 6,008,439,250	$ 5,246,994,218
Guaranteed Debt	$ 496,748,836	$ 397,930,385	$ 361,530,385

* Certain liabilities reported are the result of inter-fund financial transactions. To avoid double counting, these amounts are eliminated to derive the Total Combined Liabilities.

Province of Saskatchewan
Consolidated Fund and Saskatchewan Heritage Fund
Statement of Combined Province's Equity

For the Year Ending March 31

	Estimated 1986	Estimated 1985	Actual 1984
Total Combined Budgetary Revenue	$ 3,175,434,500	$ 3,011,719,800	$ 2,733,493,128
Total Combined Budgetary Expenditure	3,466,692,500	3,278,925,320	3,064,886,945
Excess of Total Combined Budgetary Revenue Over Total Combined Budgetary Expenditure	$ (291,258,000)	$ (267,205,520)	$ (331,393,817)
Equity, Beginning of Year	81,212,139	345,655,883	711,573,399
Equity Adjustments	2,981,706	2,761,776	(34,523,699)
Combined Province's Equity, End of Year	$ (207,064,155)	$ 81,212,139	$ 345,655,883

Province of Saskatchewan
Consolidated Fund and Saskatchewan Heritage Fund
Statement of Combined Budgetary Revenue

For the Year Ending March 31

	Estimated 1986	Estimated 1985	Actual 1984
Consolidated Fund			
Provincial Taxes			
Corporation Capital	$ 33,300,000	$ 29,000,000	$ 28,985,348
Corporation Income	145,228,000	155,786,000	132,205,356
Fuel	36,200,000	33,700,000	13,592,540
Individual Income	625,854,000	714,414,000	565,208,953
Sales	382,900,000	372,100,000	340,325,227
Tobacco	69,985,000	63,700,000	48,822,645
Other Taxes	28,095,600	27,417,700	26,271,889
Receipts from Government Enterprises and Other Funds			
Saskatchewan Heritage Fund	750,000,000	690,000,000	665,000,000
Saskatchewan Liquor Board	149,000,000	130,000,000	79,000,000
Other Receipts	41,817,800	6,335,300	5,447,112
Other Own Source Revenues			
Fines, Forfeits and Penalties	8,718,000	7,636,000	7,380,545
Interest, Premium, Discount and Exchange	11,198,800	10,156,700	8,622,839
Privileges, Licences and Permits			
— Lands, Forest, Game, Fur, Fisheries and Water	12,676,400	11,164,700	9,955,932
— Motor Vehicles	63,600,000	59,900,000	54,187,204
— Other Privileges, Licences and Permits	8,387,700	7,457,500	7,432,559
Sales, Services and Service Fees	42,015,500	40,680,300	34,656,053
Other Revenues	17,128,000	18,305,700	20,657,997
Receipts from Other Governments			
Canada Assistance Plan	147,777,200	131,016,000	139,766,139
Economic Development Agreements*	2,271,200	3,414,900	7,160,558
Equalization Payments	(22,913,000)	(22,913,000)	(22,913,000)
Established Programs Financing	441,455,000	368,826,000	372,648,063
Statutory Subsidy	2,180,000	2,150,000	2,159,780
Other Federal-Provincial Programs	44,320,300	45,512,000	52,952,268
Other Receipts	7,455,000	6,941,000	5,930,736
Total Consolidated Fund Revenue	$ 3,048,650,500	$ 2,912,700,800	$ 2,605,456,743
Saskatchewan Heritage Fund			
Non-Renewable Resource Revenues			
Coal	$ 14,980,000	$ 13,597,000	$ 15,775,243
Natural Gas	15,480,000	8,404,000	4,594,827
Oil — Own Source	641,700,000	582,179,000	640,322,308
— Export Charge	13,164,000	45,940,000	44,211,943
Potash	81,450,000	89,651,000	39,702,048
Sodium Sulphate	1,660,000	1,512,000	1,695,950
Uranium	32,720,000	17,203,000	11,117,402
Other Revenues	380,000	531,000	598,518
Agricultural Lands Revenue	22,020,000	18,405,000	20,334,886
Investment Revenue	53,250,000	11,597,000	14,625,037
Other Revenue	— —	— —	58,223
Total Saskatchewan Heritage Fund Revenue	$ 876,784,000	$ 789,019,000	$ 793,036,385
Eliminate Saskatchewan Heritage Fund Dividend to Consolidated Fund**	$ (750,000,000)	$ (690,000,000)	$ (665,000,000)
Total Combined Budgetary Revenue**	$ 3,175,434,500	$ 3,011,719,800	$ 2,733,493,128

* This item includes receipts from the Agriculture and Rural Development Act, Department of Regional Economic Expansion, and the Economic an Regional Development Agreement.

** The Saskatchewan Heritage Fund pays an annual Dividend to the Consolidated Fund. To avoid double counting, this Dividend must be eliminated to derive Total Combined Budgetary Revenue.

Province of Saskatchewan
Consolidated Fund and Saskatchewan Heritage Fund
Statement of Combined Budgetary Expenditure

For the Year Ending March 31

	Estimated 1986	Estimated 1985	Actual 1984
Consolidated Fund			
Agriculture	$ 86,422,590	$ 92,705,480	$ 74,489,797
Education and Manpower	673,923,450	637,108,920	645,196,421
Health	1,085,772,340	1,024,235,140	960,565,234
Highways	206,562,070	222,400,030	213,725,246
Justice	103,507,840	105,197,250	102,953,926
Parks and Renewable Resources	60,116,600	62,216,600	55,469,459
Social Services	334,573,290	304,506,000	302,359,057
Supply and Services	96,159,990	95,032,990	85,739,211
Urban Affairs and Rural Development	171,436,920	271,465,110	256,419,638
Other	434,603,000	303,824,020	229,719,942
Servicing the Public Debt — Government Share	143,152,020	92,612,780	56,513,323
Total Consolidated Fund Expenditure	$ 3,396,230,110	$ 3,211,304,320	$ 2,983,151,254
Saskatchewan Heritage Fund			
Dividend to Consolidated Fund	$ 750,000,000	$ 690,000,000	$ 665,000,000
Grants for Petroleum and Natural Gas Exploration, Conservation and Development	19,263,480	20,000,000	35,000,000
Canada-Saskatchewan Agreements:			
Heavy Oil Grants	1,000,000	1,000,000	1,895,857
Heavy Oil/Fossil Fuel Projects	4,121,000	4,121,000	1,308,779
Energy Agreement Projects	— —	270,000	1,048,316
Advanced Technology Grants	1,190,000	— —	— —
Payments of Interest Rebates under the Farm Purchase Program	22,280,000	13,000,000	4,189,720
Payment to cover the Deficiency of Land Bank Lease Fees in meeting the Interest Costs Owing on Transferred Land Bank Land	6,202,000	6,568,000	9,107,000
Payments for Research and Development	3,310,000	5,000,000	552,680
Other	4,202,000	3,590,000	2,851,550
Provincial Development Expenditures	8,894,000	14,072,000	25,781,789
Total Saskatchewan Heritage Fund Expenditure	$ 820,462,480	$ 757,621,000	$ 746,735,691
Eliminate Saskatchewan Heritage Fund Dividend to Consolidated Fund*	$ (750,000,000)	$ (690,000,000)	$ (665,000,000)
Total Combined Budgetary Expenditure*	$ 3,466,692,590	$ 3,278,925,320	$ 3,064,886,945
Nature of Expenditure			
Ordinary	$ 3,117,115,220	$ 2,995,125,620	$ 2,787,487,107
Capital	349,577,370	283,799,700	277,399,838
Total Combined Budgetary Expenditure	$ 3,466,692,590	$ 3,278,925,320	$ 3,064,886,945

* The Saskatchewan Heritage Fund pays an annual Dividend to the Consolidated Fund. To avoid double counting, this Dividend must be eliminated to derive the Total Combined Budgetary Expenditure.

Province of Saskatchewan
Consolidated Fund and Saskatchewan Heritage Fund
Statement of Combined Non-Budgetary Transactions

For the Year Ending March 31

	Estimated 1986	Estimated 1985	Actual 1984
Receipts			
Consolidated Fund			
Repayment of Loans, Advances and Investments in Crown Corporations:			
Crown Investments Corporation of Saskatchewan	$ 51,500,000	$ — —	$ — —
Saskatchewan Economic Development Corporation	23,500,000	— —	— —
Saskatchewan Oil and Gas Corporation	25,000,000	— —	— —
Saskatchewan Power Corporation	9,636,500	8,936,000	59,982,643
Saskatchewan Telecommunications	7,793,000	— —	41,193,857
Potash Corporation of Saskatchewan	— —	— —	25,000,000
Saskatchewan Housing Corporation	— —	— —	11,173,521
Total Repayment of Loans, Advances and Investments in Crown Corporations	$ 117,429,500	$ 8,936,000	$ 137,350,021
Repayment of Other Loans and Advances (Net)	(1,820,940)	(8,947,620)	1,899,777
Receipts from Other Crown Entities (Net)	52,021,520	23,441,000	124,054,703
Proceeds from Sinking Funds	13,250,000	15,000,000	74,024,380
Crown Corporation Contributions to Sinking Funds	23,476,520	23,826,950	23,600,520
Other Receipts	— —	— —	2,678,031
Total Consolidated Fund Receipts	$ 204,356,600	$ 62,256,330	$ 363,607,432
Saskatchewan Heritage Fund			
Repayment of Loans to Crown Corporations:			
Potash Corporation of Saskatchewan	$ 5,000,000	$ — —	$ — —
Municipal Financing Corporation of Saskatchewan	— —	— —	10,000,000
Saskatchewan Housing Corporation	— —	— —	8,000,000
Total Repayment of Loans to Crown Corporations	$ 5,000,000	$ — —	$ 18,000,000
Proceeds from Sale of Agricultural Land	2,400,000	2,500,000	1,811,316
Other Receipts	— —	— —	559,813
Total Saskatchewan Heritage Fund Receipts	$ 7,400,000	$ 2,500,000	$ 20,371,129
Eliminate Increase in Amount Due from Consolidated Fund to the Saskatchewan Heritage Fund*	$ (52,021,520)	$ (23,441,000)	$ (57,444,028)
Total Combined Non-Budgetary Receipts	$ 159,735,080	$ 41,315,330	$ 326,534,533

* A portion of the current assets of the Saskatchewan Heritage Fund is held on deposit in the Consolidated Fund. To avoid double counting, the increase in the amount held on deposit with the Consolidated Fund is eliminated to derive the Excess of Combined Non-Budgetary Receipts Over Disbursements.

Province of Saskatchewan
Consolidated Fund and Saskatchewan Heritage Fund
Statement of Combined Non-Budgetary Transactions (continued)

For the Year Ending March 31

	Estimated 1986	Estimated 1985	Actual 1984
Disbursements			
Consolidated Fund			
Loans, Advances and Investments in Crown Corporations:			
Agricultural Credit Corporation of Saskatchewan	$ 14,000,000	$ 17,000,000	$ 13,517,000
Crown Investments Corporation of Saskatchewan	21,100,000	52,600,000	20,000,000
Potash Corporation of Saskatchewan	150,000,000	188,000,000	80,000,000
Saskatchewan Economic Development Corporation	50,000,000	51,100,000	— —
Saskatchewan Housing Corporation	19,150,000	51,476,000	— —
Saskatchewan Municipal Financing Corporation	20,000,000	20,000,000	— —
Saskatchewan Power Corporation	403,800,000	380,700,000	198,170,000
Saskatchewan Mining Development Corporation	— —	17,800,000	— —
Saskatchewan Telecommunications	— —	30,000,000	22,641,000
Total Loans, Advances and Investments in Crown Corporations	$ 678,050,000	$ 808,676,000	$ 334,328,000
Sinking Funds Paid to Crown Corporations	13,250,000	15,000,000	74,024,380
Sinking Fund Payments	24,134,270	24,484,700	24,198,270
Other Disbursements	— —	— —	16,072,931
Total Consolidated Fund Disbursements	$ 715,434,270	$ 848,160,700	$ 448,623,581
Saskatchewan Heritage Fund			
Other Loans, Advances and Investments	$ 7,600,000	$ 5,250,000	$ 5,294,461
Total Saskatchewan Heritage Fund Disbursements	$ 7,600,000	$ 5,250,000	$ 5,294,461
Total Combined Non-Budgetary Disbursements	$ 723,034,270	$ 853,410,700	$ 453,918,042
Excess of Combined Non-Budgetary Receipts Over Disbursements	$ (583,299,190)	$ (812,095,370)	$ (127,383,509)

Province of Saskatchewan
Statement of Total Debt

As At March 31

	Estimated 1986	Estimated 1985	Actual 1984
Promissory Notes (for the purpose of)			
Government of Saskatchewan	$ 460,458,090	$ 434,200,000	$ 297,000,000
Treasury Bills (for the purpose of)			
Crown Corporations*	$ 2,400,000	$ 4,540,000	$ 6,500,000
Government of Saskatchewan	640,000,000	575,000,000	445,000,000
Total Treasury Bills	$ 642,400,000	$ 579,540,000	$ 451,500,000
Debentures (for the purpose of)			
Crown Corporations*	$ 5,351,498,068	$ 4,788,737,568	$ 3,987,037,568
Government of Saskatchewan	356,308,795	156,341,032	156,341,032
Other — Federal/Municipal**	8,587,912	9,415,945	9,928,285
— University of Saskatchewan	1,740,000	1,740,000	1,740,000
— Investment in Agricultural Land***	184,436,000	184,436,000	184,436,000
Total Debentures	$ 5,902,570,775	$ 5,140,670,545	$ 4,339,482,885
Gross Debt	$ 7,005,428,865	$ 6,154,410,545	$ 5,087,982,885
Less: **Equity in Sinking Funds** (for the purpose of)			
Crown Corporations	$ 365,588,823	$ 321,939,580	$ 284,909,115
Government of Saskatchewan	32,331,393	28,691,847	25,272,321
Other — University of Saskatchewan	679,372	583,891	494,998
Total Equity in Sinking Funds	$ 398,599,588	$ 351,215,318	$ 310,676,434
Net Debt	$ 6,606,829,277	$ 5,803,195,227	$ 4,777,306,451
Guaranteed Debt****	496,748,836	397,930,385	361,530,385
Total Debt	$ 7,103,578,113	$ 6,201,125,612	$ 5,138,836,836

* These enterprises are responsible for the repayment of principal and interest.

** These obligations represent monies loaned to the Province by the Federal government with the understanding that the monies would be re-loaned to Saskatchewan municipalities under identical conditions.

*** The assets and related liabilities of the former Saskatchewan Land Bank Commission were transferred to the Agricultural Division of the Saskatchewan Heritage Fund in 1983-84. Included in this transfer was $184,436,000 of debt which is recoverable from the sale of agricultural land.

**** Applies to government portion only.

Province of Saskatchewan
Financial Debt Indicators

As At March 31

	Estimated 1986	Estimated 1985	Actual 1984
Total Debt			
Per Capita*	n.a.	$ 6,147	$ 5,171
As a Percentage of Combined Budgetary Revenue	223.7%	205.9%	188.0%
As a Percentage of Saskatchewan Gross Domestic Product**	n.a.	37.6%	32.1%
Servicing the Government Portion of Total Debt			
As a Percentage of Combined Budgetary Revenue	4.5%	3.1%	2.1%

* Population June 1 of previous year.

** Gross Domestic Product for previous calendar year.

n.a. not available

Province of Saskatchewan
Gross Debt by Allocation

As At March 31

	Estimated 1986	Estimated 1985	Actual 1984
Reimbursable Debt			
Crown Corporations:			
Agricultural Credit Corporation of Saskatchewan	$ 200,843,000	$ 186,843,000	$ 169,843,000
Crown Investments Corporation of Saskatchewan	428,462,800	458,862,800	406,262,800
Potash Corporation of Saskatchewan	593,000,000	443,000,000	255,000,000
Saskatchewan Economic Development Corporation	125,747,200	99,247,200	48,147,200
Saskatchewan Housing Corporation	378,539,000	359,389,000	307,913,000
Saskatchewan Mining Development Corporation	320,462,684	320,462,684	302,662,684
Saskatchewan Municipal Financing Corporation	40,000,000	20,000,000	— —
Saskatchewan Oil and Gas Corporation	— —	25,000,000	25,000,000
Saskatchewan Power Corporation	2,558,089,574	2,163,926,074	1,792,162,074
Saskatchewan Telecommunications	693,877,810	701,670,810	671,670,810
Saskatchewan Water Corporation	14,876,000	14,876,000	14,876,000
Total Crown Corporations	$ 5,353,898,068	$ 4,793,277,568	$ 3,993,537,568
Other:			
Federal/Municipal	$ 8,587,912	$ 9,415,945	$ 9,928,285
University of Saskatchewan	1,740,000	1,740,000	1,740,000
Investment in Agricultural Land*	184,436,000	184,436,000	184,436,000
Total Other	$ 194,763,912	$ 195,591,945	$ 196,104,285
Total Reimbursable Debt	$ 5,548,661,980	$ 4,988,869,513	$ 4,189,641,853
Non-Reimbursable Debt			
Government of Saskatchewan	$ 1,456,766,885	$ 1,165,541,032	$ 898,341,032
Gross Debt	$ 7,005,428,865	$ 6,154,410,545	$ 5,087,982,885

* The assets and related liabilities of the former Saskatchewan Land Bank Commission were transferred to the Agricultural Division of the Saskatchewan Heritage Fund in 1983-84. Included in this transfer was $184,436,000 of debt which is recoverable from the sale of agricultural land.

Province of Saskatchewan
Debt Transactions

For the Year Ended March 31, 1985

	Amount (Preliminary)
Proceeds from Debt	
Debentures	
Public:	
12.25% semi-annual due September 12, 1989*	$ 100,000,000
11.875% annual due November 15, 1989**	113,200,000
10.75% annual due March 1, 1992***	133,550,000
7.4% semi-annual due March 28, 1990****	56,027,073
Non-Public:	
Issued to Government of Canada	
Agricultural Service Centres	112,392
Canada Pension Plan Investment Fund	104,274,000
Total Debentures	$ 507,163,465
Promissory Notes	
Series PND	$ 1,980,000,000
Series PNI	200,000,000
Total Promissory Notes	$ 2,180,000,000
Treasury Bills	
Series No. 1266	$ 1,820,000,000
Total Treasury Bills	$ 1,820,000,000
Total Proceeds from Debt	$ 4,507,163,465
Repayment of Debt	
Debentures	
Public:	
5.00% semi-annual due September 15, 1984	$ 6,976,000
Non-Public:	
Issued to Government of Canada:	
Agricultural Service Centres	253,401
Municipal Development Loan Fund	572,624
Federal-Provincial Winter Capital Projects Fund	63,613
CMHC Mortgage — University of Saskatchewan	32,237
Total Debentures	$ 7,897,875
Promissory Notes	
Series PND	$ 1,865,000,000
Total Promissory Notes	$ 1,865,000,000
Treasury Bills	
Series No. 1266	$ 1,810,000,000
Series No. 1276	1,960,000
Total Treasury Bills	$ 1,811,960,000
Total Repayment of Debt	$ 3,684,857,875
Increase in Public Borrowing	$ 822,305,590

* Canadian public market bond issue.
** Euro U.S. dollar public market bond issue with 40% of the proceeds swapped for Canadian dollars.
*** Euro U.S. dollar public market bond issue swapped for Canadian dollars.
**** Japanese yen syndicated bank loan swapped for Canadian dollars.

Province of Saskatchewan
Special Projects Fund
Statement of Budgetary Expenditure and Financing Activities

For the Year Ending March 31

	Estimated 1986	Projected 1985
Budgetary Expenditure		
Advanced Education and Manpower	$ — —	$ 8,300,000
Health	— —	14,000,000
Supply and Services	2,650,000	5,050,000
Total Budgetary Expenditures	$ 2,650,000	$ 27,350,000
Financing		
Total Funds available from Special Projects Fund	$ 2,650,000	$ 30,000,000
Amount Remaining	$ — —	$ 2,650,000

In fiscal year 1982-83, $30 million was allocated to the Special Projects Fund from the Consolidated Fund. The Special Projects Fund was established by The Special Projects Fund Act.

The Special Projects Fund provides for capital expenditures of a social or economic nature. In fiscal year 1984-85, $27.35 million is expected to be spent on capital projects in the health and education fields, with a further $2.65 million to be spent in fiscal year 1985-86.

Under the provisions of The Special Projects Fund Act, the expenditure from the Consolidated Fund to the Special Projects Fund constituted a charge against the Consolidated Fund in fiscal year 1982-83. Hence, the 1984-85 and 1985-86 expenditures of the Special Projects Fund are not included in the charts and tables of the Province's combined Consolidated Fund and Heritage Fund financing activities.

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Province of Saskatchewan
Summary of Economic Indicators

	1980	1981	1982	1983	1984*
Gross Domestic Product — Current Market Prices					
— Millions of Dollars	12,969	14,922	15,118	15,998	16,500
Annual Rate of Change — Percent	18.1	15.1	1.3	5.8	3.1
Per Capita — Dollars	13,518	15,411	15,440	16,101	16,356
Gross Domestic Product — Constant 1971 Prices					
— Millions of Dollars	4,999	5,342	5,211	5,272	5,082
Annual Rate of Change — Percent	2.2	6.9	-2.4	1.2	-3.6
Per Capita — 1971 Dollars	5,211	5,517	5,322	5,306	5,038
Agricultural GDP	1,072	1,249	1,246	1,259	967
Annual Rate of Change — Percent	-1.9	16.5	-0.2	1.0	-23.2
Non-Agricultural GDP	3,927	4,093	3,965	4,013	4,115
Annual Rate of Change — Percent	3.3	4.2	-3.1	1.2	2.5
Personal Income					
— Millions of Dollars	8,890	11,448	12,207	12,610	13,010
Per Capita — Dollars	9,266	11,823	12,468	12,691	12,897
Farm Cash Receipts					
— Millions of Dollars	3,302	4,008	4,021	3,962	4,221
Value of Manufacturing Shipments					
— Millions of Dollars	2,118	2,503	2,368	2,466	2,720
Value of Retail Sales					
— Millions of Dollars	3,453	3,876	4,042	4,357	4,365
Value of Mineral Sales					
— Millions of Dollars	2,251	2,241	2,278	2,690	3,646
Private and Public Investment					
— Millions of Dollars	4,311	5,151	4,670	4,973	5,160
Housing Starts					
— Units	6,250	5,972	6,822	7,269	5,222
Consumer Price Index — Annual Percentage Change					
Regina	10.1	11.7	9.0	6.4	4.4
Saskatoon	10.5	11.7	9.0	6.3	3.5
Canada	10.2	12.5	10.8	5.8	4.4
Unemployment Rate — Percent					
Saskatchewan	4.4	4.7	6.2	7.4	8.0
Canada	7.5	7.6	11.0	11.9	11.3
Population**					
— Thousands	959	968	979	994	1,009

* Preliminary.
** As of June 1.

Sources: Saskatchewan Bureau of Statistics.
Saskatchewan Energy and Mines.
Statistics Canada.

Personal Income, Saskatchewan

(Millions of Dollars)

	1980	1981	1982	1983	1984*
Wages, Salaries and Supplementary Labour Income**	5,176	5,972	6,536	6,946	7,380
Net Income Received by Farm Operators from Farm Production	639	1,606	1,147	819	375
Net Income of Non-Farm Unincorporated Business	438	451	539	655	728
Interest, Dividends and Miscellaneous Investment Income	1,269	1,807	2,063	1,917	2,088
Current Transfers from Government, Corporations and Non-Residents	1,368	1,611	1,923	2,273	2,440
Total	8,890	11,448	12,207	12,610	13,010

* Preliminary.
** Includes Military Pay and Allowances.

Note: Calculated on the basis of Gross Domestic Product. Components may not add to totals due to rounding.
Source: Saskatchewan Bureau of Statistics.

Farm Income, Saskatchewan

(Millions of Dollars)

	1980	1981	1982	1983	1984*
Wheat**	2,040	2,616	2,461	2,545	2,382
Barley**	159	268	256	284	210
Canola and Rapeseed	250	233	250	264	383
Other Crops	142	123	115	134	150
Total Crops	2,592	3,241	3,082	3,227	3,125
Cattle including calves	554	457	524	464	505
Hogs	77	79	90	78	96
Other Livestock and Livestock Products***	102	117	125	130	145
Total Livestock and Livestock Products	732	653	739	672	746
Advances, Deferments and Supplementary Payments****	(21)	114	200	63	349
Total Farm Cash Receipts	3,302	4,008	4,021	3,962	4,221
Income in Kind	41	42	43	38	39
Operating and Depreciation Expenses	(2,395)	(2,908)	(3,077)	(3,243)	(3,391)
Realized Net Farm Income	948	1,142	987	757	870
Inventory Change and Adjustments*****	(309)	464	160	62	(495)
Net Income Received by Farm Operators	639	1,606	1,147	819	375

* Preliminary.
** Includes Canadian Wheat Board payments.
*** Includes sheep, lambs, dairy products, poultry, eggs and other livestock products.
**** Includes stabilization and insurance payments, net advances and deferments.
***** Includes inventory changes and adjustments to Gross Domestic Product basis.

Note: Components may not add to totals due to rounding.
Source: Saskatchewan Bureau of Statistics.

Value of Manufacturing Shipments, Saskatchewan

(Millions of Dollars)

	1980	1981	1982	1983	1984*
Food and Beverage	778	872	897	946	1,102
Wood	97	106	82	109	112
Printing and Publishing	95	103	112	114	138
Metal Fabrication	92	108	102	91	81
Machinery	158	188	142	144	145
Non-Metallic Mineral Production	114	135	110	133	128
Other	785	991	923	929	1,014
Total	2,118	2,503	2,368	2,466	2,720

* Preliminary.

Note: Components may not add to totals due to rounding.
Source: Statistics Canada, Inventories, Orders, and Shipments in Manufacturing.

Value of Mineral Sales, Saskatchewan

(Millions of Dollars)

	1980	1981	1982	1983	1984*
Crude Oil	862	821	1,189	1,651	2,169
Potash	1,010	995	643	686	850
Uranium	232	258	251	121	354
Coal	30	42	62	73	98
Sodium Sulphate	27	36	44	39	34
Natural Gas	20	20	24	50	73
Other	70	68	65	70	68
Total	2,251	2,241	2,278	2,690	3,646

* Preliminary.

Note: Components may not add to totals due to rounding
Source: Saskatchewan Energy and Mines.

Private and Public Investment, Saskatchewan

(Millions of Dollars)

	1980	1981	1982	1983	1984*
Agriculture	1,160	1,330	1,065	1,082	1,134
Mining	642	761	870	944	1,049
Manufacturing	162	183	144	160	188
Utilities	713	1,156	1,028	992	953
Trade, Finance and Commercial Services	430	525	381	428	495
Housing	562	493	483	651	547
Institutional Services and Government Departments	545	593	594	605	682
Other	97	110	105	111	112
Total	4,311	5,151	4,670	4,973	5,160

* Preliminary.

Note: Components may not add to totals due to rounding.
Source: Statistics Canada, Private and Public Investment in Canada.

Population and Labour Force*, Saskatchewan

(Thousands)

	1980	1981	1982	1983	1984
Population**	959	968	979	994	1,009
Labour Force	437	446	455	470	477
Employed Labour Force	417	425	426	436	439
Unemployed Labour Force	19	21	28	35	38
Unemployment Rate — Percent	4.4	4.7	6.2	7.4	8.0

* Annual Averages.
** As of June 1.

Note: Components may not add to totals due to rounding.
Source: Statistics Canada, Historical Labour Force Statistics.

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Saskatchewan Personal Income Tax Reform

Introduction

The 1985 Budget contains a major step toward reform of the income tax system.

This Budget Paper explains our concerns about the personal income tax system and describes the changes announced in the Budget.

Tax Simplicity

There is a growing concern in Canada that the income tax system, with its maze of tax rules and exceptions, has become both too complicated and unfair. The tax system must be simplified. Ordinary taxpayers often doubt whether they have the knowledge and competence to complete their tax forms to the best advantage. The complexity of the tax system forces them to choose between paying a tax professional or taking a chance on missing opportunities to legally avoid tax.

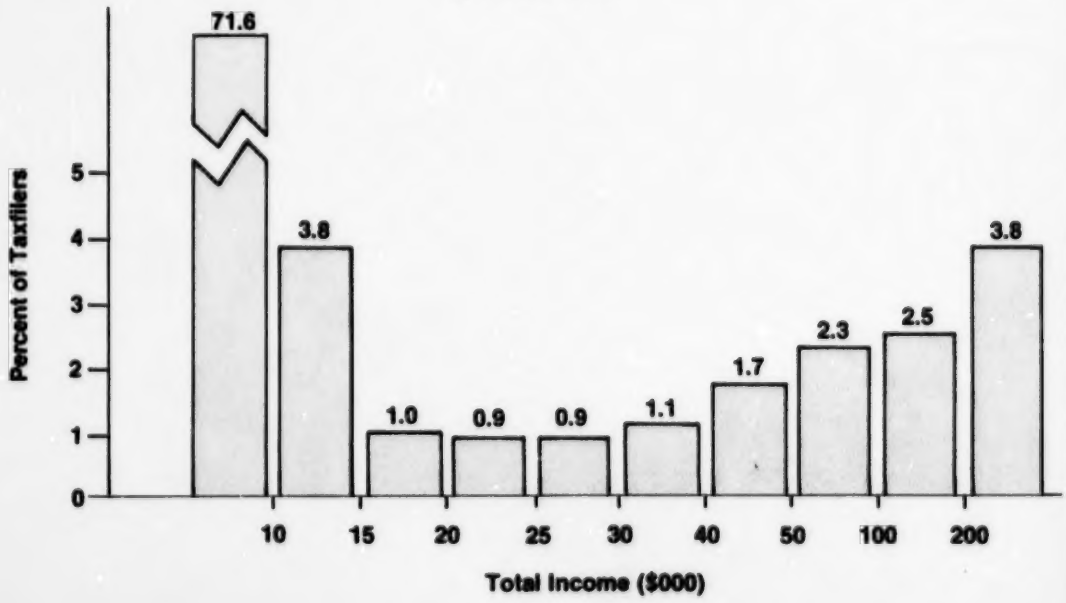
Tax Fairness

Canada's personal income tax system is based on the principle of taxing higher incomes at progressively higher percentage rates of tax. But, there is a growing perception that this principle of progressivity has been significantly undermined. People with high incomes can take advantage of the tax avoidance mechanisms, such as tax shelters, which are neither understood nor readily available to the majority of taxpayers. The income tax system's use of exemptions and deductions from income, rather than tax credits, in determining tax payable is also a source of dissatisfaction; a deduction is worth more to a person in a high tax bracket than it is to a person in a lower tax bracket.

The result of these two conditions is a significant reduction in the effective tax rates for higher income individuals. Figure 1 shows that for many of these individuals, this can mean a complete elimination of their income tax liability.

Figure 1. Percent of Taxfilers Paying No Federal Tax

(Canada, 1981)



It is estimated that over 600 Saskatchewan taxfilers whose total income exceeds $50,000 will pay no Saskatchewan income tax in 1984 (see Figure 2). The average taxpayer in Saskatchewan has an income between $20,000 and $25,000 and will pay over 5% of that amount in Saskatchewan income tax. However, approximately 3,300 taxfilers with total income of more than $50,000 will pay 1984 Saskatchewan income tax at a lower effective tax rate than the average person.

Adequacy of the Tax Base

Regrettably, taxpayers appear to be losing confidence in the national tax system. People begrudge paying their "fair share" if they believe others are not. One result has been a marked increase in activity in the "underground economy" where income escapes taxation. Given that the tax system is based largely on self-assessment, this can have significant revenue implications for governments which depend so heavily on income tax revenues to finance public services.

During the past year, the federal government has discovered that the expected level of income tax collections has not materialized even though the national economy recovered strongly. Since early 1984, the Canada-wide estimate for basic federal tax for 1984 has fallen by $3.9 billion, or 10.6%.

There is no clear understanding of why the projected level of tax revenue has dropped. Federal government officials have said they are puzzled about why tax collections have not kept pace with economic growth.

This shortfall has been very costly to Saskatchewan. Personal income tax estimates for 1984-85 have fallen approximately $130 million since early 1984. This large shortfall is the major contributing factor to the increase in our budgetary deficit.

Flat Tax

The need for tax reform is recognized at all levels of Canadian society. We must have a tax system which:

- is simple to understand and to comply with;
- is fair to people in all income groups;
- provides a stable revenue source for the financing of necessary public programs;

Figure 2. Number of Taxfilers Earning $50,000 or More and Paying Less Than 5% Saskatchewan Tax

- does not needlessly damage the incentives to work, to save and to invest; and
- ensures that no one escapes paying his or her fair share.

As part of this Budget, Saskatchewan has taken a major step toward tax reform. The government will introduce a Flat Tax levied upon the Net Income an individual reports for income tax purposes. Collection of this tax will begin in July at a monthly rate of 1% of Net Income, resulting in an effective rate for 1985 of ½ of 1% of Net Income for all taxpayers. In 1986, the tax rate will be 1%. This Flat Tax on Net Income will be in addition to existing taxes.

As an important element of our tax reform, the Province will also lower its current income tax rate by 1% to 50%, effective July 1, 1985. This shift of tax onto Net Income will help ensure that a fairer share of the tax burden rests on those who can afford it.

The Flat Tax will use Revenue Canada's definition of Net Income as its base. This means that income from all sources is included, and some deductions from income are allowed. The principal allowable deductions are those employment-related expenses deducted in computing Total Income, as well as Canada Pension Plan and Unemployment Insurance premium payments, Pension and Retirement Savings Plan contributions, union dues, tuition fees and child care expenses.

The Province has chosen Net Income as its base for the Flat Tax during the initial period since it is the widest, legally defined tax base available in the current tax system. It is also a tax base that is simple to compute and limits the erosion of the tax base. However, if the Flat Tax is to be continued, a careful review of alternative tax bases will be conducted in consultation with the public and the federal government.

To ensure that this tax does not burden those with low incomes, there will be an increase in the Low Income Tax Reduction so that, on a full year basis, people with incomes of approximately $10,000 or less will not be affected by this tax (see Table 1).

Higher income individuals will be required to pay the Saskatchewan High Income Surtax levied against the tax liability arising from the Flat Tax.

As a result of these changes, each person filing a tax return in 1985 will pay, on average, $56 in additional Saskatchewan income tax. The total revenue created by these changes in this fiscal year will be $39 million.

Table 1. Estimated 1985 Impact of Provincial Tax Changes

Total Income	Total Number of Taxfilers	Average Tax Increase
Under $10,000	212,000	$ (1)
$10,000 - 14,999	86,000	4
$15,000 - 19,999	72,000	49
$20,000 - 24,999	59,000	79
$25,000 - 29,999	50,000	103
$30,000 - 34,999	33,000	124
$35,000 - 39,999	24,000	142
$40,000 - 49,999	26,000	170
$50,000 - 59,999	12,000	220
$60,000 - 74,999	6,000	270
$75,000 - 100,000	4,000	347
Over $100,000	3,000	677
Total	**587,000**	**$ 56**

The loss of confidence in our national tax system is something that must be reversed. To restore confidence, taxpayers at all levels must be convinced that a fair share will be paid by everyone. If we fail to do so, all governments in Canada will lose the ability to finance the broad array of public programs that benefit each of us.

The Flat Tax on Net Income is the first step toward tax reform which will provide a fairer tax system.

Senior Citizens Property Tax Credit

The Government has also introduced a Senior Citizens Property Tax Credit to be effective for the 1985 tax year. It will be a significant offset to the property taxes paid by our low and middle-income senior citizens. For households in which at least one spouse is over 64, residential and farm property taxes up to a maximum $750, or 10 per cent of household rent up to a maximum of $375, will be eligible for a refundable tax credit through the income tax system. This credit will be related to the net income of both spouses in a home, in that the tax credit will be reduced by 3 per cent of the seniors' Net Income exceeding $5,000.

Table 2 illustrates the effect of this property tax credit on a senior's personal income tax. With this tax credit, Saskatchewan's senior citizens with incomes up to $15,500 will pay no provincial income tax in 1985.

Table 2. Provincial Income Tax For Senior Citizens, 1985

Total Income	Personal Income Tax	Seniors Property Tax Credit	Net Tax Payable (Refundable)
$10,000	$ 0	$(600)	$(600)
$15,000	364	(450)	(86)
$20,000	1,011	(300)	711
$25,000	1,559	(150)	1,409

1985 Saskatchewan Tax Expenditures

The income and commodity tax systems of the Government of Saskatchewan contain a number of special provisions which provide benefits to individuals and corporations through an exemption or reduction in tax.

These provisions result in foregone or postponed revenue and, as such, are a cost incurred by the Government similar in effect to direct budgetary expenditure.

Provisions of the tax system which afford preferential or special treatment to specified individuals or groups are referred to as "tax expenditures". Tax expenditures can be in the form of exemptions, deductions, preferential tax rates, credits, deferrals or omissions and are used to achieve a variety of social and economic objectives.

Tax expenditures provide assistance to homeowners, farmers, senior citizens, small businesses and others. The following table is intended to inform the Legislative Assembly and the people of Saskatchewan of the major tax expenditures* of benefit to Saskatchewan residents.

It is important to note that the effect of a series of tax expenditures cannot necessarily be obtained by adding together the revenue effects of the individual items. Because of the interrelationships among tax measures, particularly in the income tax system, the combined effect of two or more tax expenditures may be more or less than the sum of the separate effects.

* The tax expenditure estimates were calculated using tax collection data and Statistics Canada data. A computer income tax simulation model was employed for the individual income tax measures. The model calculates the revenue reduction associated with each tax expenditure by assuming that the only modification to the current income tax system is the removal of the specific provision being considered.

Government of Saskatchewan
1985 Tax Expenditure Account

(Value of Tax Expenditures in Millions of Dollars)

Sales Taxes	
Exemptions	
1. Children's clothing and footwear	$ 3.4
2. Construction services	91.9
3. Drugs and medicines	6.5
4. Electricity — residences, farms and recreation facilities	6.8
5. Farm machinery and repair parts	35.8
6. Fertilizer, pesticide and seed	21.5
7. Food	76.2
8. Personal services	12.1
9. Reading materials	3.7
10. Services for repairs to personal property	15.5
11. Used goods	3.7

Individual Income Tax

Exemptions	
1. Marital exemption	$27.2
2. Equivalent to married exemption	4.5
3. Age exemption	15.4
4. Exemptions for dependants	21.1
Employment Expense Deductions	
1. General employment expense deduction	17.9
2. Annual union, professional or like dues	4.0
3. Other employment expenses	5.0
Pension Deductions	
1. Canada Pension Plan contributions	12.0
2. Registered Pension Plan contributions	16.1
3. Registered Retirement Savings Plan contributions	25.0
4. $1,000 pension income deduction	2.3
Medical and Charitable Deductions	
1. Medical expenses	1.2
2. Charitable donations	10.5
Education Deductions	
1. Tuition fees	1.2
2. $50 per month education deduction	0.6
Other Deductions	
1. Unemployment insurance premiums	14.6
2. R.H.O.S.P. contributions	1.8
3. Child care expenses	2.2
4. $1,000 interest, dividends and capital gains deduction	21.5
5. Moving expenses	1.2
6. Carrying charges	5.1
7. Deductibility of support payments	1.7
8. Deductions transferred from spouse	4.0
Provincial Tax Measures	
1. $210 tax reduction	27.4
2. $50 per dependent child tax reduction	4.6
3. $50 per senior citizen tax reduction	1.4
4. Saskatchewan Tax Incentives Program	10.0
5. Capital Gains Tax Rebate	3.5
6. Savings from indexing (see Note)	17.9

Note: The savings from indexing are calculated for the 1985 tax system compared to 1984 and do not represent the cumulative savings since indexing was introduced in 1974.

Corporation Income Tax

1. Lower tax rate for small business	$15.7
2. Small Business Manufacturing and Processing Tax Reduction	4.0
3. Saskatchewan Royalty Tax Rebate	6.0
4. Resource allowance	40.1
5. Fast write-off for Canadian exploration and development expenses and depletion allowance	29.1
6. Accelerated depreciation for mining assets and two-year write-off on manufacturing and processing assets	6.1

Corporation Capital Tax

1. General exemption of $10,000,000	$10.4
2. Exploration and development expense allowance	2.1
3. Exemption for federal Crown corporations	2.9
4. Exemption for co-operatives, credit unions, family farm corporations and insurance companies	2.2

For further information on Saskatchewan's Tax Expenditures contact:

Taxation and Economic Policy Branch
Department of Finance
9th Floor, 2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Phone: 565-6720

Saskatchewan Expenditures for a Typical Household

On a comparative basis, the Government of Saskatchewan will spend almost twice as much on the average family of four in fiscal year 1985-86 as it did in 1971-72. The chart below compares the levels and types of expenditures made in those two budget years. The 1971-72 expenditures have been adjusted to account for inflation.

Health and education expenditures have increased in real terms by 89% to almost $7,300 per family of four from just over $3,800 in 1971-72.

The most significant percentage increase in spending has been for economic development initiatives to create growth and jobs. In 1971-72, the government spent $326 for each family of four. By 1985-86, that figure has increased by 330% to $1,404. Much of this increased spending is attributable to recent job creation initiatives, agriculture programs and activities to assist small businesses. New initiatives have also been taken to promote economic growth in the energy, mining, forestry, technology, and tourism sectors.

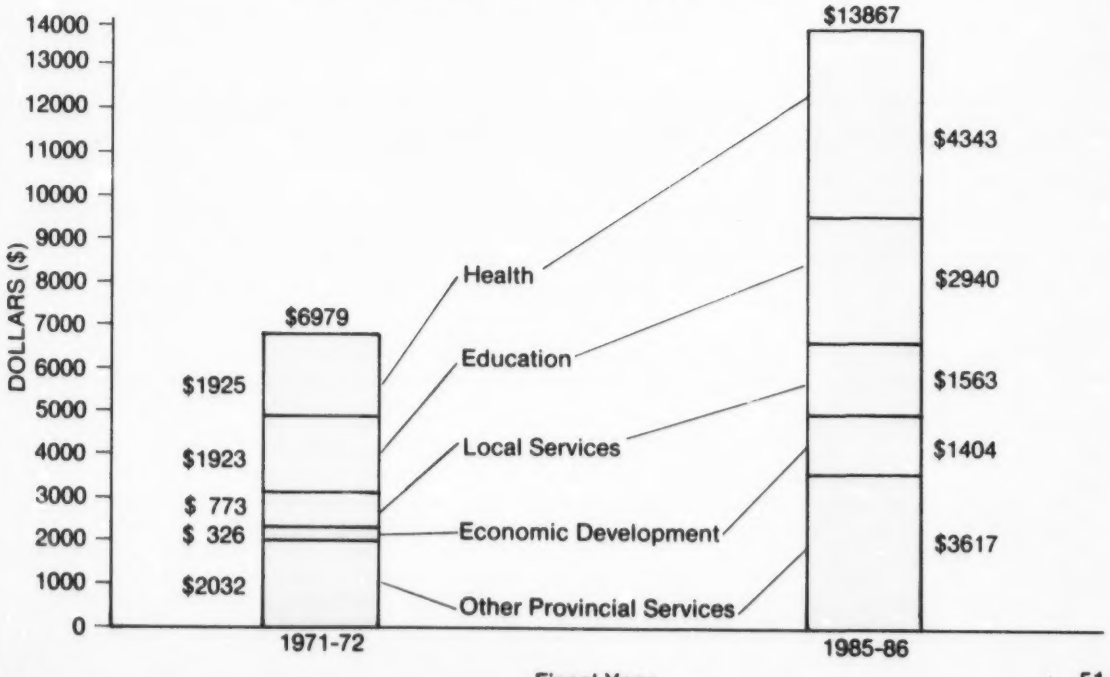
In 1985-86 a further 11 percent of the budget will be spent on local services such as:

— assistance to municipal governments
— policing, courts and provincial jails, and
— parks, cultural and recreational facilities.

The percentage of the budget devoted to these activities is relatively unchanged from the 1971-72 fiscal year.

The remaining portion of the 1985-86 expenditure budget is allocated to finance social assistance programs, highway construction and maintenance, public debt charges and general government expenditures.

Average Provincial Expenditure
Family of Four Persons (1985 Dollars)



1985 Interprovincial Comparison of Personal Taxes and Charges

These tables show the most typical taxes and charges that an average family of two adults and two children would face across the country at income levels of $15,000, $25,000 and $35,000.

Overall, Saskatchewan has the second lowest personal taxes and charges at all three income levels.

This is the result of a number of factors. Saskatchewan does not have a gasoline tax and does not collect health care premiums. The Province's retail sales tax rate is the lowest among the nine provinces which have a retail sales tax and, in addition, the base for this tax in Saskatchewan does not include prepared meals and labour charges. These factors lead to a tax burden that is the third lowest in Canada for families at the $15,000 and $25,000 income levels and the second lowest at the $35,000 income level.

The low tax burden is further enhanced by the lowest overall personal charges in the country for car insurance, telephone, home heating and electricity expenses.

TABLE 1: For a Taxpayer with Total Income of $15,000 per annum

	British Columbia	Alberta	**Sask-atchewan**	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	New-foundland
Provincial Income Tax	$ 311	$ 87	**$ 117**	$ 281	$ 314	$ 453	$ 379	$ 369	$ 343	$ 392
Tax Credits and Rebates	(380)	(320)	—	(537)	(277)	(333)	—	—	—	—
Health Premiums	408	—	—	—	357	—	—	—	—	—
Retail Sales Tax	202	—	**140**	191	234	198	274	252	248	431
Gasoline Tax	216	—	—	203	216	348	243	265	267	292
Sub-Total	$ 757	$ (233)	**$ 257**	$ 138	$ 844	$ 666	$ 896	$ 886	$ 858	$1,115
Car Insurance	$ 639	$ 725	**$ 419**	$ 413	$ 837	$ 658	$ 538	$ 552	$ 430	$ 522
Telephone	167	117	**100**	90	161	149	145	154	151	143
Home Heating	789	602	**650**	893	1,067	1,213	1,775	1,757	1,784	1,863
Electricity	425	411	**390**	319	440	341	516	514	791	577
Sub-Total	$2,020	$1,855	**$1,559**	$1,715	$2,505	$2,361	$2,974	$2,977	$3,156	$3,105
Total	$2,777	$1,622	**$1,816**	$1,853	$3,349	$3,027	$3,870	$3,863	$4,014	$4,220

TABLE 2: For a Taxpayer with Total Income of $25,000 per annum

	British Columbia	Alberta	**Sask-atchewan**	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	New-foundland
Provincial Income Tax	$1,169	$1,070	**$1,360**	$1,328	$1,181	$2,058	$1,427	$1,390	$1,291	$1,476
Tax Credits and Rebates	(380)	(320)	—	(380)	(85)	(153)	—	—	—	—
Health Premiums	408	336	—	—	714	—	—	—	—	—
Retail Sales Tax	336	—	**233**	319	390	330	456	421	413	718
Gasoline Tax	216	—	—	203	216	348	243	265	267	292
Sub-Total	$1,749	$1,086	**$1,593**	$1,470	$2,416	$2,583	$2,126	$2,076	$1,971	$2,486
Car Insurance	$ 639	$ 725	**$ 419**	$ 413	$ 837	$ 658	$ 538	$ 552	$ 430	$ 522
Telephone	167	117	**100**	90	161	149	145	154	151	143
Home Heating	789	602	**650**	893	1,067	1,213	1,775	1,757	1,784	1,863
Electricity	425	411	**390**	319	440	341	516	514	791	577
Sub-Total	$2,020	$1,855	**$1,559**	$1,715	$2,505	$2,361	$2,974	$2,977	$3,156	$3,105
Total	$3,769	$2,941	**$3,152**	$3,185	$4,921	$4,944	$5,100	$5,053	$5,127	$5,591

TABLE 3: For a Taxpayer with Total Income of $35,000 per annum

	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	Newfoundland
Provincial Income Tax	$2,218	$2,030	**$2,425**	$2,520	$2,240	$4,094	$2,707	$2,637	$2,450	$2,801
Tax Credits and Rebates	(380)	(320)	**—**	(325)	—	—	—	—	—	—
Health Premiums	408	336	**—**	—	714	—	—	—	—	—
Retail Sales Tax	471	—	**326**	446	547	462	639	589	579	1,005
Gasoline Tax	216	—	**—**	203	216	348	243	265	267	292
Sub-Total	$2,933	$2,046	**$2,751**	$2,844	$3,717	$4,904	$3,589	$3,491	$3,296	$4,098
Car Insurance	$ 639	$ 725	**$ 419**	$ 413	$ 837	$ 658	$ 538	$ 552	$ 430	$ 522
Telephone	167	117	**100**	90	161	149	145	154	151	143
Home Heating	789	602	**650**	893	1,067	1,213	1,775	1,757	1,784	1,863
Electricity	425	411	**390**	319	440	341	516	514	791	577
Sub-Total	$2,020	$1,855	**$1,559**	$1,715	$2,505	$2,361	$2,974	$2,977	$3,156	$3,105
Total	$4,953	$3,901	**$4,310**	$4,559	$6,222	$7,265	$6,563	$6,468	$6,452	$7,203

Notes:

The tables are based upon a taxpayer claiming a spouse and two children (one child aged 6 or under and one child aged 12-15). Total income includes earned income and family allowance payments (at 1985 rates). In order to compensate for the different family allowance payments in Quebec and Alberta, earned income in these provinces is correspondingly adjusted. In addition to personal exemptions, the employment expense deduction and C.P.P./Q.P.P. and U.I. contributions calculated at 1985 rates are deducted in computing tax. Gross Quebec personal income tax has been reduced by 16.5% of federal basic tax in respect of contracting out of certain federal-provincial programs. Provision is made in the calculation for provincial tax reductions where applicable.

Tax credits and rebates refer to provincial income tax credits and grants or rebates designed to reduce the burden of property taxes. The taxpayer is assumed to own a home upon which $1,000 in property taxes are paid.

Health premiums are annual family premiums for hospital insurance and medical services. No provision is made for employer subsidization of these premiums.

Retail sales tax is based upon average expenditures for a family of four from **Family Expenditure in Canada, 1982** (Statistics Canada 62-555). The sales tax base in each province was identified from the various provincial Acts. An estimate was then made of total taxable family expenditures in each province (excluding expenditures on electricity and heating fuels).

Gasoline tax is based upon an annual consumption of 2,700 litres of gasoline.

The following cities were surveyed for the remaining charges: Vancouver, Calgary, Regina, Winnipeg, Toronto, Montreal, Saint John, Halifax, Charlottetown and St. John's. All rates are as obtained in March 1985.

Car insurance is based upon the rate for a married male, over 30 years of age, driving a 1981 Dodge Aries. Coverage includes $500,000 third party liability, $100 deductible collision and $50 deductible comprehensive.

The telephone charge is for the main phone in an individual residence.

Home heating assumes an annual consumption of 168 mcf of natural gas. For the Atlantic Provinces the figures represent the BTU equivalent consumption of fuel oil. Rates include taxes and surcharges which may be applicable.

Charges for electricity are based upon an annual consumption of 7,200 kW.h. Rates include taxes and surcharges which may be applicable.

For further information contact:

Saskatchewan Finance
2350 Albert St., 11th Floor
Regina, Saskatchewan S4P 4A6
(306) 565-6768